

Exploring Staff Perceptions of why selected development NPOs are able to deliver effective services

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COMPULSORY DECLARATION

This work has not been previously submitted in whole, or in part, for the award of any degree. It is my own work. Each significant contribution to, and quotation in, this dissertation from the work, or works, of other people has been attributed, and has been cited and referenced.

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Abstract

Nonprofit organisations (NPOs) play an important role in society as they help government in service delivery. In their quest to deliver services, these organisations face insurmountable challenges, including, but not exclusive to inadequate funding and staff shortages. Yet in spite of this, some of these organisations have overcome these challenges, and continued to provide services to communities. This study sought to explore the perceptions of the staff working in development NPOs regarding the reasons they thought their organisations were able to deliver effective services to their beneficiaries. A qualitative research design was adopted as it focuses on the subjective realities of the respondents. A purposive sample of nineteen respondents from four different organisations was drawn up. The criterion for selection was: organisations that had been in existence since 1994; had at least eight staff members; and a Director who had been in charge for at least five years. Data was collected through face to face in-depth interviews that made use of a semi structured interview schedule. The data was analysed using an adaptation of Tesch's (1990) data analysis model. The findings revealed that financial sustainability as well as good leadership and governance were key components of an NPO's viability. The research study also showed that these organisations had effective leaders who were visionary, democratic and inspirational, and because of these attributes, their organisations were successful. Another finding was that these organisations had staff who were not only committed and motivated, but were highly qualified. The last finding centred on the need for NPOs to streamline their services, as well as diversifying funding in order to be sustainable. In view of these findings, the researcher suggests that NPOs need to be adaptable, so that they remain relevant. They need to increase their funding streams, as well as investing more time in developing succession plans. These organisations also need to enhance staff retention by increasing staff salaries. Finally, these organisations need to improve on their effectiveness and efficiency.

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Last but not least, I thank the Almighty God for the gift of my life, for all the blessings bestowed on me. I love you Lord.

Dedication

This dissertation is dedicated to my late father, the Bishop, John Jonas (J.J.) Nhaitayi, who did not live to see me finishing off this work which he inspired me to do. Thank you Dad for the incredible foundation you gave me in life. I am eternally grateful to God for blessing me with such a father.

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CHAPTER ONE: INTRODUCTION

1. Introduction

Non-profit organisations (NPOs) play a pivotal role in the society as they can contribute in service delivery areas that government seems unable to fulfill (Wyngaard, 2013; Nel, Binns and Motteux, 2001). According to O'Brien (2007), the South African non-governmental (NGO) sector is involved in various community programmes aimed at providing services as well as mobilizing communities for social change. Despite the crucial role it plays, the NPO sector in South Africa faces various challenges such as inadequate funding and financial controls, shortage of qualified and suitable staff, due to its inability to provide adequate remuneration for services rendered, and the lack of other infrastructural resources forcing it to close down (National Development Agency, 2013). Some NPOs however have managed to address their funding crises through innovative and resilient strategies that have enabled them to further exist, albeit with adaptations to their services (Gebreselassie-Hagos and Smit, 2013). Of special interest to the researcher was the fact that some of these NPOs continue to provide effective services despite a challenging South African context. Hence this research was undertaken to explore possible reasons as to why some NPOs appear to be successful and resilient in the face of all the odds against them.

This chapter will present the problem context; rationale and significance of the research; topic of the research; main research questions; assumptions that underpin these questions; main research objectives; clarification of key concepts; reflexivity and an outline of this research report.

1.1 Problem context

This research was carried out in the Western Cape province of South Africa. The Western Cape has approximately 5.8 million people (Statistics South Africa, 2011). The province is considered to be economically quite sound, as its economy grew by 3.6% in 2011 (the second highest growth rate after Gauteng (Statistics South Africa, 2011), despite its high crime rate (City of Cape Town, 2006).

There are approximately 100,000 registered non-profit organisations (NPOs) and an estimated 50,000 unregistered NPOs in South Africa (Stuart, 2013). The South African Constitution safeguards a number of socio-economic rights aimed at improving the quality of life of all citizens which are enshrined in the Bill of Rights (Wyngaard, 2013). The non-profit sector in South Africa plays a significant role by helping the government fulfill its constitutional mandate. However, a substantial proportion of such organisations in the sector have closed down in the past year. According to Wyngaard (2013), between October 2012 and February 2013, over 23,000 organisations were deregistered. Some of these organisations have played a key role in service delivery. With increasing service protests about government's sluggish service delivery in relation to widespread poverty and inequality which has not been sufficiently addressed, this is a cause for alarm (Landman, 2014; Mchunu, 2012). These organisations have been at the forefront of catering for the basic needs of vulnerable communities and groups (Department of Social Development, 2012).

Whilst there is evidence that the Civil Society sector has played a meaningful role in holding Government accountable (Young, 2000), as well as providing services (Wyngaard, 2013) there is a dearth of research with regards to monitoring and evaluation of NPOs in South Africa. Monitoring and evaluation is crucial to ensuring accountability, sustainability and developing better practices based on the experiences of NPOs (Koot, n.d.). According to Werker and Ahmed (2007), the NPO sector appears to be populated by people motivated by altruistic values rather than by financial rewards.

In recent years, the NPO sector has benefited from substantial corporate funds as well as government funding. This meant that fund accountability in relation to efficient service delivery became a focus for assessment for many donors. One has to bear in mind that this sector's performance and financial management has not always been rigorously evaluated (National Development Agency, 2013). Not many studies have focused on NPOs that are successful with a greater focus having been on those NPOs that were not succeeding (a 'deficit' approach). Some of these more successful NPOs have continued in their pursuit of organisational excellence and efficient service delivery. The focus of this study is on such NPOs. This research therefore wants to explore the perceptions of key respondents about key defining features of a successful NPO in relation to: sustainability, leadership strategies and staff factors that contribute to effective service delivery.

1.2 Rationale and Significance of the study

Some research has been done on challenges facing NPOs in South Africa, and statistics are available of NPOs that have closed down (Wyngaard, 2013; Seabe, 2012; Amandla Development Whitepaper, 2007). However, not much research is available on why NPOs are successful. Hence this research will address the lack of research in this area. Whilst assumptions could be made about good financial and accounting rigour, good leadership and competent staff leading to successful organisations, it is important to explore these assumptions from the perspectives of these personnel. Their ‘voices’ could offer a deeper insight into understanding the factors and dynamics that underpin effective organisations. This limited study which could be seen as a ‘pilot study’ could lead to more extensive mixed methodology approaches at a later stage. The findings from this study could be given to the Western Cape NPO network and to the Social Development Government Department which in turn could influence both practice and policy.

1.3 Research Topic

“Exploring Staff Perceptions of why selected development NPOs are able to deliver effective services.”

1.4 Overall Research aim

To find out the reasons that staff at targeted development NPOs give as to why they consider their NPOs to be effective.

1.5 Research Questions

- 1) What is the mission and main services of the NPOs?
- 2) How are these NPOs able to remain viable?
- 3) What leadership strategies contribute towards NPO effectiveness?
- 4) What contributing staff factors promote effective service delivery?
- 5) What kind of difference does the organisation’s services make to the lives of beneficiaries?
- 6) What kind of strategies are needed to ensure the continued sustainability of the NPOs?

1.6 Main Assumptions

The following are some of the main assumptions that underpin this study:

- That the mission and services rendered over time will have to adapt to the changing socio –economic environment and that this flexibility and adaptability is important.
- That remaining viable would depend on a number of factors linked to appropriate resource related service delivery.
- That excellent leadership strategies are needed for successful service delivery.
- That various staff factors play a key role in effective delivery.
- That having a positive influence on the lives of beneficiaries is linked to successful service delivery.
- That various strategies are needed in order to ensure the NPOs' sustainability.

1.7. Research Objectives

- 1) To find out the mission and the main services rendered by these NPOs.
- 2) To explore how these NPOs have remained viable.
- 3) To determine the leadership strategies that could contribute towards NPO effectiveness.
- 4) To ascertain the contributing staff factors that promote effective service delivery.
- 5) To explore staff perceptions about the difference their services make to their beneficiaries.
- 6) To explore the strategies needed to ensure the continued sustainability of the NPOs.

1.8. Clarification of Concepts

Non-profit organisation (NPO):- “a trust, company or other association of persons, established for a public purpose; and the income and property of which may not be distributable to its members or office-bearers except as reasonable compensation for services rendered” (The South African NPO Act 71, 1997)

Development: - “a process of expanding the real freedoms that people enjoy, by the removal of major sources of unfreedom like poverty, poor economic opportunities as well as systematic social deprivation” (Sen, 1999: 99).

Development NPOs: - Are those organisations which are directly involved in improving the wellbeing of certain sectors of society, with support from the state or private donors (Swilling and Russell, 2002).

Effective services: - “the extent to which an organisation is able to fulfill its goals” (Lusthaus et al, 2002, as cited by Chi, Lan and Dorjgotov, 2012, pg. 1018).

Perception: - According to the Oxford dictionary (2010) this refers to “an interpretation or impression based on one's understanding”. For the purposes of this study, perception will also mean the NPO staff's personal (subjective) feelings and opinions about a topic or phenomena.

Staff: - For purposes of this study, this term will refer to particular personnel in the NPOs i.e. the directors, programme heads, board members, heads of finance departments and those involved in general administrative work.

Leadership: - “is the interpersonal influence exercised in a given situation through the process of communication in order to reach a given goal” (Tannenbaum et al (1970), as cited by Furtado et al (2011: 1048))

Viability: -is “the ability of an organisation to continue to deliver its projects and services and to reach those outcomes outlined in its mission” (Craciun, Lardinois and Atkinson, 2009: 12).

Sustainability: - “the ability of administrators to maintain an organisation over a period of time, with the aim being to ensure that an organisation continues to survive in the future” (Sontag-Padilla, Staplefoote and Gonzalez-Morganti, 2012).

1.9. Reflexivity

I need to say that I am a Zimbabwean student doing my research in a South African context and I had to gain some understanding of the context that I am studying. I was very enthusiastic about doing this research since I thought that it would be addressing a need with regards to a lack of research focusing on successful NPOs.

At the same time there was a level of trepidation since this was the first time I would be carrying out a dissertation of this nature. As a novice researcher I felt overwhelmed about firstly obtaining the consent of my participants and secondly, about being able to secure sufficient time in the respondents' busy schedules to be able to gain rich information. To my dismay I found that it was not easy to secure consent to participate in the study and after many attempts (following several rejections as well some non-committal responses); a solid group of respondents was eventually secured. This attempt to secure respondents lasted at least three months.

There were challenges at each stage of the research journey but supervision proved helpful as I faced the in-depth interviewing and thereafter the laborious task of transcribing. Analysing, presenting and discussing the findings together with putting together writing this research report were some of the final challenges. All in all, I felt that this research journey was worthwhile and am happy that I finally reached the stage of submitting my work for scrutiny.

1.10 Chapter Outline of Research Report

This research report will consist of the following five chapters:

- Chapter 1 - Introduction
- Chapter 2 - Literature review
- Chapter 3 - Methodology
- Chapter 4 - Presentation and Discussion of findings
- Chapter 5 - Conclusions and Recommendations

1.11 Summary

This chapter has presented an introductory overview of the intended study, giving the reader a clear understanding of the problem context as well as the problem formulation (main questions and research objectives). The rationale and significance of this study was identified and some key concepts were clarified. The researcher highlighted some personal issues under 'reflexivity' and closed off this chapter with a rudimentary outline of the research report.

The following chapter presents the literature review.

CHAPTER TWO: LITERATURE REVIEW

2. Introduction

This literature review will present the relevant legislated regulations pertaining to NPOs, some theoretical models/frameworks which underpin this study, as well as research studies and literature that pertain to the objectives of this study.

2.1 Relevant NPO legislation

The following section will provide an overview of various regulations guiding NPOs.

Registration under the Non-Profit Organisations Act, 1997

The Non-Profit Organisations Act of 1997 (the NPO Act) provides for a voluntary registration facility for non-profit organisations. The Act defines a non-profit organisation as *“a trust, company or other association of persons established for a public purpose and the income and property of which are not distributable to its members or office-bearers except as reasonable compensation for services rendered”* (NPO Act, 1997). This also applies to NPOs registering under The Companies Act (2008). The Act stipulates that for an organisation to be registered as an NPO, it must be not for profit; and should have a legal personality distinct from its members (a body corporate); as well as not being part of government (NPO Act, 1997). Under the Non-profit Act (1997), for a company to be registered as an NPO, a founding document or constitution must be made available, which states, among other things, the organisation’s name and objectives, as well as a determination of the organisation’s financial year.

Income Tax Act No. 58, 1962

The Income Tax Act, 1962 law stipulates that organisations classified as public benefit organisations are exempt from paying income taxes. A Public benefit organisation is, “any organisation – (a) which is – (i) a company formed and incorporated under section 21 of the Companies Act, 1973 (Act No. 61 of 1973), or a trust or an association of persons that has been incorporated, formed or established in the Republic; or (ii) any branch within the Republic of any company, association, or trust incorporated, formed or established in terms of the laws of any country other than the Republic that is exempt from tax on income in that other country” (Income Tax Act, 1962). As such, NPOs are entities established for the benefit of the public and are exempt from taxes.

However, these entities are mandated to account for their income and expenditure, and as such, they are required to submit their financial statements with their Income Tax return to the Receiver of Revenue on an annual basis.

National Development Agency Act, 1998

The National Development Agency (NDA) is a body established through the passing by Parliament, of the National Development Agency Act. The main objective of the Act is, “to contribute towards the eradication of poverty and its causes by-granting funds to civil society organisations for the purposes of:-

- (a) Carrying out projects or programmes aimed at meeting development needs of poor communities; and
- (b) Strengthening the institutional capacity of other civil society organisations involved in direct service provision to poor communities” (National Development Agency Act, 1998).

This means that all those organisations which are involved in poverty alleviation, are eligible to apply for funding from the NDA. This would thus apply to all the development NPOs that comprise the study sample for this research

2.2 Theoretical models / frameworks

Various theories and models that provide a conceptual framework for this study will now be reviewed.

2.2.1. The internal process approach of organisational effectiveness

Organisational effectiveness is concerned with matters relating to an organisation’s ability to use resources in order to achieve its aims (Ashraf and Kadir, 2012). The internal process approach of organisational effectiveness is deeply rooted in both the systems and human relations model of organisations, where if an individual unit is ineffective, the rest of the organisation will suffer (Ashraf and Kadir, 2012; Glunk and Wilderom, 1996). An organisation is made up of various components or resources as it were: employees, stakeholders, financial resources. It is an organisation’s ability to maximize these resources that lead to organisational effectiveness. According to Ashraf and Kadir (2012), effectiveness means that the organisation is internally healthy, with all internal systems and processes working well.

Criteria for smooth internal functioning vary from adaptability, clear, unambiguous communication, a strong corporate climate, as well as a positive work environment (Glunk and Wilderom, 1996). This means that for an organisation to be termed effective it has to consider the external environment and adapt to the needs of that environment.

Ashraf and Kadir (2012) posit that the relationship between members in an effective organisation is based on trust, honesty and goodwill, with a vertical and horizontal flow of information between all the sub-systems. This means that there is a form of symbiotic relationship between the larger organisational system and all its sub-systems. The organisation depends on all the other parts to perform effectively as a whole. For purposes of this study respondents' perceptions about the effectiveness of the organisation will include a consideration of these factors.

2.2.2. *Motivational theories*

Herzberg's Two-factor theory

Motivation is about installing a 'self-propelling generator' in an employee. Herzberg found that factors that are involved in producing job satisfaction (and motivation) are distinct and separate from the factors that lead to job dissatisfaction (Herzberg, 1987). Herzberg deduced that human beings have two different sets of needs and the different elements of the work situation satisfy or dissatisfy those needs (Lundberg, Gudmundson and Andersson, 2009). Herzberg distinguished between motivators (stemming from the human need to grow psychologically), and hygiene factors (stemming from the human disposition to avoid pain) (Herzberg, 1987). Motivators are those factors that lead to positive satisfaction and are intrinsic conditions of the job like a sense of achievement, recognition and personal growth (Herzberg, 1987). According to Lundberg et al (2009), a lack of these growth factors does not cause dissatisfaction, but simply there is an absence of satisfaction. Hygiene factors are extrinsic to the work itself like company policy, job security, benefits etc., and are such that they do not give positive satisfaction in and of themselves, although if they are absent, dissatisfaction will arise (Herzberg, 1987).

This theory is relevant to the study as it sheds light on employee motivation in the NPO sector. Employees in the NPO sector tend to be motivated by altruism and the nature of their jobs which are service oriented providing the positive satisfaction.

McClelland's Learned needs theory

Unlike Maslow's clearly defined hierarchy of needs, McClelland (1961), as cited by Robbins (1982), suggests that human needs cannot be purely understood in a linear manner since human beings are driven by three main motivators namely achievement, affiliation and power. One could say that these three motivators drive each person in different degrees regardless of race, culture or gender. This theory suggests that some people may be more motivated by a need for achievement in setting and accomplishing goals, while some others may have a stronger need for affiliation, setting a high value on their relationships in the workplace, whilst others may set a greater premium on exerting control and influencing other people (need for power) (Harrell and Stahl, 1981). Needless to say, most people are driven by all three motivators in different degrees and at different times in their work careers. Thus one could not deduce that NPO employees are not interested in controlling other people or exerting power over them since their altruistic endeavours may well involve elements of hidden power issues. One could well argue that the need to influence the lives of others may be much stronger than the need for increased remuneration since it is well known that the NPO sector attracts people who want to make a difference in the lives of those less fortunate.

2.2.3. Leadership Theories

According to Hellriegel, Jackson and Slocum (2006), a leader is a person in an organisation responsible for organizing, planning and controlling. Numerous leadership theories can be drawn upon. However, for purposes of this study the following three theories will be discussed: Transformational leadership vs. Charismatic leadership, Democratic leadership and Situational leadership.

Transformational leadership vs. Charismatic leadership

According to Burns (1978) as cited by Levine, Muenchen and Brooks (2010), transformational leadership is the two-step process that a leader uses to influence his/her followers: First, a leader attempts to raise the morals, values and ideals of the followers; and second, a leader promotes change in individuals, groups and organisations. To accomplish this change, a leader must foster good relationships with his/her followers as a means to encourage and motivate the followers to perform and excel. What this means is that transformational leaders actively seek and encourage relationships with their subordinates as a close working relationship serves as an impetus for staff to perform better in their jobs.

According to Yang (2012), transformational leadership comprises of four components, idealised influence, inspirational motivation, intellectual stimulation and individual consideration. *Idealised influence* refers to the leader paying attention to his/or her subordinates' needs so as to inspire trust and confidence from the followers; inspirational motivation happens when the leader entrusts subordinates with challenging work, as well as clearly communicating expectations; and intellectual stimulation happens when the leader fosters creative problem solving from the subordinates; and finally, individualised consideration takes place when the leader pays special attention to the growth of each subordinate by acting as a mentor (Shiva and Suar, 2012). Ideally, such a leader would inspire trust and growth amongst followers who feel that they are taken seriously, that their career paths are being facilitated and that they are encouraged to 'think out of the box' and make meaningful contributions to the organisation as a whole.

According to Bennis and Nanus (1985: 3), as cited by Duygulu and Kublay (2010), a transformational leader is "*one who commits people to action, who converts followers into leaders, and may convert leaders into agents of change*". This means that while in the beginning the leader acts as a mentor or role model, the subordinates will, after some time begin to exhibit the leader's traits, thereby becoming leaders themselves. Transformational leadership represents a style whereby the leader values co-operation in the performance of tasks, providing subordinates with the opportunities to learn from shared experiences (Bass, 1985, as cited by Yang, 2012).

Charismatic leadership may or may not closely approximate transformational leadership. According to Cicero and Pierro (2007: 299), charismatic leadership is defined as, "*an attribution based on followers' perception of their leader's behaviour*". Such leaders are able to formulate and articulate inspirational vision and behaviours that foster an impression of extraordinary vision. In transformational leadership the focus is on the relationship of the leader and the followers with regards to vision, risk-taking, enthusiasm and confidence (Hoyt and Ciulla, 2004, as cited by Levine, Muenchen and Brooks, 2010). Not all leadership in the NPO sector may be transformational but some of the leaders may indeed be charismatic without really turning their followers into leaders or agents of social change. Such charismatic leaders may steer the vision of their organisation single-handedly and when they leave, the organisation may flounder, close down or re-establish itself under new leadership.

Democratic Leadership

There are numerous definitions of democratic leadership (Choi, 2007). According to Anderson (1959) as cited by Choi (2007), a democratic leader is one who shares the decision making responsibility with other members. While the final decision rests with the leader, he or she encourages other members of the team to take part in the decision making process (Bhatti et al, 2012). A democratic leader is characterised by being knowledgeable and influential, encouraging, allowing followers to be self-determined, being a good listener and respecting others' opinions (Kuczmarski and Kuczmarski, 1995). This type of leadership is associated with increased follower productivity, satisfaction, involvement and commitment to work (Choi, 2007). This is supported further by Bhatti et al (2012), who indicate that this type of leadership increases satisfaction in employees, as they would feel more involved in the decision making processes of the organisation. Such democratic leadership may be found in some NPOs which consider themselves to be successful. While it can be argued that including everyone in the decision making process is time consuming, the end result pays dividends in a more committed staff (Bhatti et al, 2012).

Situational Leadership Theory

The situational leadership theory put forth by Hersey and Blanchard (1969), as cited by Furtado et al (2011), proposes that leadership effectiveness depends on the leader's ability to tailor his or her behavior to the demands of the situation, namely, the subordinate's level of maturity. This approach emphasizes the importance of contextual factors that influence leadership processes such as the characteristics of the followers, the nature of the work and type of organisation (Yukl, 2006). This approach posits that successful leaders have the ability to adapt their leadership styles to the changing organisational environment, and that it is the subordinates' ability, willingness and readiness to perform tasks that will influence a leader's actions (Silverthorne and Wang, 2012). Successful leaders do not use one leadership style, but will switch between styles, as different situations call for different leadership roles and styles.

This theory emphasises flexibility in leadership style according to the situation (Silverthorne and Wang, 2012). Thus, depending on the followers' maturity and level of competence, the leader will act accordingly and engage followers with regards to their level of readiness to take on more challenges (Furtado et al, 2011). Thus, it would be interesting to explore whether or not NPO leaders also use aspects of this approach in their leadership.

In summary it is clear that the internal processes of an organisation need to be assessed together with leadership characteristics/styles as well as motivational theories that inform the ways that followers behave. By exploring some of these issues in this study one could draw some assumptions about what constitutes ‘success’ in these selected NPOs.

2.3 Defining the non-profit organisations (NPOs)

According to Hall (2000: 4), the terms non-profit sector and non-profit organisation refer to “*non-stock corporations and trusts formed for charitable, educational, religious and civic purposes which are exempt from taxation and to which donors can make tax deductible contributions*”. The South African NPO Act 71 of 1997 defines an NPO as, “*a trust, company or other association of persons, established for a public purpose; and the income and property of which may not be distributable to its members or office-bearers except as reasonable compensation for services rendered*” (NPO Act, 1997: 2). Hall (2000: 4) further describes NPOs as, “*informal and formal voluntary associations, non-stock corporations, mutual benefit organisations, religious bodies, charitable trusts, as well as other non-proprietary entities*”.

Through the NPO sector, people are able to pursue goals that are not primarily driven by remuneration, goals which they freely choose to pursue (Connors, 1980). NPOs form part of the “The Third Sector”, a term that is widely used to describe a host of organisations like charities, self-help groups and social enterprises which do not fall under the auspices of the state or market enterprises (Corry, 2010). According to Ridley- Duff and Seanor (2008) as cited by Corry (2010), Third Sector organisations are established by people on a voluntary basis, so as to pursue social or community goals. Salamon and Anheier (1997: 9) as cited by Corry (2010), posit that Third Sector entities have the following characteristics: they are organised, as they possess some institutional reality; they are private, as they are institutionally separate from government; they are non-profit distributing; they are self-governing; and lastly, they are voluntary, either in conducting their activities or in the management of their affairs.

Another characteristic of NPOs is that they aim to improve the lives and livelihood prospects of disadvantaged people, who are not able to realise their potential or achieve their full rights in society (Dept. of Welfare, 1999).

NPOs achieve their aims through a host of activities such as the care and welfare of the disadvantaged, as well as social change and development activities, which are directed either at the concerns or issues which affect the disadvantaged. NPOs play crucial roles in defining which services are to be provided, or they may consult first with beneficiary groups, or provide the services for the funding agencies that define the services (Dept. of Welfare, 1999). These organisations mobilise resources and engage in research to better understand the needs and problems affecting individuals, groups or society as a whole, and then find innovative ways of responding to these problems, while simultaneously mobilizing public awareness and advocating for change or reform (Dept. of Welfare, 1999).

2.4 History of NPOs

According to Sen (1992), voluntarism dates back to the middle ages, but it was only in the 1800s that large scale voluntary efforts began, which focused on social and economic development. The first international non-governmental organisation (NGO) was the Anti-Slavery Society, which was formed in 1839 (Lewis and Kanji, 2009). Pande (1967), as cited by Sen (1992), posits that the first types of voluntary efforts of social development were initiated by Christian missionaries in the early 1810s, and their primary motive was to promote the spread of Christianity, and as such they built schools, colleges and orphanages. These Christian missionaries also initiated rural colonies in the mid-1800s, placing much emphasis on modernization and empowerment.

It is interesting to note that in the West, awareness of international responsibility was born out of the two world wars which devastated countries and impacted on families. The aftermath of these resulted in the founding of institutions like the League of Nations (and its successor, the UN), the Bretton Woods system, and the inter-governmental bodies created for cross border action like the Red Cross and Red Crescent Societies (Eade, 2001).

In the United States of America (USA), NPOs were only differentiated from profit firms over the course of the 19th century, and in the late 1800s, the impetus for the creation of these organisations came from upper class citizens who wanted to control urban environments (DiMaggio and Anheier, 1990). During the so- called “Progressive Era” in the USA, welfare provision shifted from the hands of upper class citizens to professionals. By the 1920s, doctors employed by NPOs dominated discourses on welfare (DiMaggio and Anheier, 1990).

By the 1960s, voluntarism had shifted, this time to state provision, with the growth of the “Third Sector”, and by 1975, government had completely replaced private donors as the largest source of NPO revenue (DiMaggio and Anheier, 1990). The history of NPOs in Britain is slightly different from the one in the USA. The history of the non-profit sector in Britain “*shows how provision was organized in a liberal, yet traditional class based system*” (Anheier, 2005: 29). In Britain, according to Anheier (2005: 30), the situation changed from “a church dominated system of welfare provision in the 17th and 18th century, to a system in the 19th and early 20th century, where the government and voluntary sector performed separate, but distinct roles. From the 1930s onward, the voluntary sector acted as a complement to public provision, until the ‘Third Way’ approaches of the Labour government gained ground (DiMaggio and Anheier, 1990). The Third Way viewed the market, government and voluntary associations as being in a relationship that could solve social problems. This “Third Way” thinking has largely influenced the welfare discourse and evidence of this can also be seen in South Africa.

According to Young (2000), the relationship between government and the NPO sector can be viewed in three different ways. One line of thinking views NPOs acting as supplementary to government. The premise of this notion is that it is government’s responsibility to meet and satisfy citizens’ needs through the provision of public goods. However, those citizens whose needs remain unmet will have their needs met by the non-profit sector. Another approach would be to view the relationship of government and NPOs as being complementary. This is where governments and NPOs are engaged in a partnership or a contractual relationship, which sees government funding public services, and NPOs delivering the services (Young, 2000). Herman and Renz (2000) posit that NPOs and government are interdependent, as government relies on NPOs to service some needs, while the NPOs require funding from government. Thus through this mutually beneficial relationship, service delivery to communities is being facilitated. Government and NPOs can also be viewed as adversaries, especially when the latter engage in adversarial or advocacy roles. In areas where minority views are not reflected in public policy, the minorities, with the help of NPOs could mobilize themselves to agitate for public services as well as to put pressure on government to meet their needs (Young, 2000).

2.5 NPOs in South Africa

The South African non-profit sector plays an integral role in helping the government fulfill its constitutional mandate, to such an extent that welfare services in South Africa are delivered by both the state and the NPOs (Wyngaard, 2013; Patel et al, 2012). The South African NPO sector is made up of two parts, the formal welfare sector, which is made up of well-established organisations, partly subsidised by the state, and smaller community based organisations, functioning individually and sometimes in isolation without the necessary resources (Patel et al, 2012). In South Africa, the voluntary sector is a part of civil society, and it is made of NGOs, social movements, community based organisations (CBOs), civics, women's groups, faith based organisations, and other similar groupings, and these organisations operate independently of the state (Charities Aid Foundation Southern Africa, 2012). The CIVICUS Index Project defines civil society as,

“the sphere of institutions, organisations, networks and individuals...located between the confines of the family, the state and the market, which is bound by a set of shared civic rules, and in which people associate voluntarily to advance common interest” (Camay and Gordon, 2001: 3).

According to Swilling and Russell (2002), defining NPOs in South Africa is difficult, as the term is muddled with some unresolved debate about the notion of the civil society. According to McKendrick (1990), as cited by Patel (2009), in pre-colonial South Africa, society relied on women, mutual aid, and kinship and community support systems to meet human needs. Before colonisation, the indigenous people in the region shared and cared for those within their own communities or tribes (Camay and Gordon, 2001). With the Dutch and British colonialism, the socio-economic organisation of the South African society changed, which resulted in the erosion of traditional African family systems of support (Patel, 2009). Through the British government's Colonial Development and Welfare Acts, there was a rise in the public welfare administration in South Africa, aimed at caring for the “worthy poor”. Colonial powers had no desire to finance state welfare programmes for Africans, and as a result, government social services for the indigenous population were minimal (Manji and O’Coill, 2002).

The Christian missionaries were instrumental in providing welfare services, with organisations such as the Afrikaans Christelike Vroue Vereniging (ACVV), which was formed in 1904 to respond to the welfare needs of poor white families and orphans.

By the 1920s, urban white poverty problems began to receive attention, and after the Carnegie Commission of Enquiry, there was the adoption and implementation of basic welfare provisions (Patel, 2009). When the Nationalist Party came into power, the welfare system was such that it was racially defined, and voluntary organisations were used by the apartheid government to deliver services (Patel, 2009). Racial discrimination and segregation also had a tremendous impact on the evolution of the South African society, as there were huge disparities in financial and human resources available for development infrastructure and services to black communities (Camay and Gordan, 2001). Initially there was restricted political space for black civil society organisations, and as such many black areas were grossly underdeveloped. The growing Anti-Apartheid movement gave rise to progressive organisations intent on changing the status quo. According to Camay and Gordan (2001), civil society organisations which grew out of oppressed and exploited community groups played a major role in the social and political mobilisation against apartheid. Civil society groups played varied roles historically, and during the transition period to a democratic dispensation, they continued to engage and influence the drafting of the new constitution. Civil society groups also played a role in shaping the Truth and Reconciliation Commission (Charities Aid Foundation Southern Africa, 2012).

When the State set out its new economic vision in its Reconstruction and Development Programme (RDP) after the general elections in 1994, NPOs were accorded a central role in promoting the development of the country. The RDP's priority was meeting the basic needs of people like employment, land, housing, water, electricity, health care, and social welfare, among other things (Visser, 2004). Government's new strategy framed in the Growth, Employment and Redistribution plan (GEAR) plan also gave a platform for the non-profit sector as a key actor alongside business in dealing with poverty alleviation. However, GEAR was focused on curtailing government expenditure, which led to an increase in poverty (Khamfula, 2004). GEAR seemed to have reversed some of the initial impetus that came from the RDP blueprint as the focus was more on economic growth at the cost of direct poverty alleviation. Although both RDP and GEAR are considered to be 'developmental' strategies to address poverty, this could be debated. The South African Government still sought to promote "developmental social welfare" despite the inherent contradictions in its policy framework.

Developmental social welfare is defined as a,

“pro-poor strategy promoting participation of the socially excluded in development activities to achieve social and economic justice” (Patel, Schmid, and Hochfeld, 2012).

“The introduction of a developmental social welfare model marked a radical shift in policy that occurred in all sectors of society replacing discriminatory legislation with new and progressive policies” (Patel, 2005: 2). This new approach intended for all population groups to have equal access to needed services, and ensure that those communities that were historically disadvantaged and neglected would be serviced appropriately. However since 1994 to date the inequality index has increased (Hoogeveen and Özler, 2005).

The developmental social welfare approach had another premise that economic development by itself was insufficient to lead people out of poverty, and as such, there was a need for substantial investments in human development which gave people increasing access to education, basic health, shelter and jobs. According to Morris (2000), people’s needs are mostly serviced through associations and organisations that are easily accessible. Thus governments would do well to fund civil society organisations engaged in social development whilst at the same time acknowledging their autonomy as well as their potential to meet people’s needs more effectively at community level (Patel et al, 2012). This ‘developmental approach’ calls for citizen participation in service development and delivery, and as such it advocates for capacity building and social networking, and there is an emphasis on building the livelihood capacities of poor people. (Patel et al, 2012).

2.6 Types of NPOs with special reference to development NPOs

Within the NPO sector there are various sub-sectors which include for example: Development and Housing; Education and Research; Environmental Health; Human Rights Advocacy; Religion; and Social Services (Mzini, 2011). According to Dangor (1997) before the advent of democracy, there NPOs, which were welfare oriented and had links with the government; Emergency NPOs, which were founded during the state of emergency (1986-1990), and their activities were mainly political in nature; as well as Transition NPOs, which aimed at strengthening democracy and facilitating development.

Post 1996, further developments occurred within the NPO sector which now included community co-operatives, stokvels, survivalist NPOs, oppositional NPOs and development NPOs (Swilling and Russell, 2002). Since this study will be focusing on development NPOs a short overview will be presented in the following section.

2.6.1 *Development NPOs and their role in people's lives*

Development NPOs are defined as those organisations which are directly involved in improving the wellbeing of certain sectors of society, with support from the state or private donors (Swilling and Russell, 2002). Such organisations are involved in empowering people to take command of their own lives, through developing a critical awareness of their situations (Townsend, Porter and Mawdsley, 2004). These organisations aid people by giving them the necessary tools to aspire towards their own development; to form lobby groups; to advocate for change in their situations and to contribute to the upliftment of their own communities by working in partnerships with these NPOs. South Africa's key community development challenge was to overcome the legacy of colonialism and apartheid, which were characterised by segregated settlement patterns and by unequal distribution of resources (Luka and Maistry, 2012). In a bid to improve the lives of its citizens, the government adopted a combination of various community development perspectives which included a basic needs perspective, a social inclusion perspective, an income perspective and a sustainable livelihoods perspective (Luka and Maistry, 2012). One could argue that development NPOs use both a basic needs and a sustainable livelihoods approach which places emphasis on assisting communities through constructing and strengthening appropriate asset bases that will help them cope with their conditions of poverty and hardship (Luka and Maistry, 2012).

Makoba (2002) suggests that these development NPOs work mostly in Third World countries where markets are inaccessible and where governments lack capacity or resources to reach the poor. However in emergent economies (like South Africa) it is clear that development NPOs may also play a crucial complementary role in assisting government. Developing countries are often plagued by serious internal and external constraints with regards to resource provision to the poor and it is this gap that development NPOs can address (Nel, Binns and Motteux, 2001).

The NPO sector has made some inroads into improving the quality of life for some of its poverty-trapped citizens but government has to make much more resources available to this sector to ensure sustainability of service delivery where it is most needed. Development NPOs are also known to take the lead in responding appropriately to community problems as they are capable of rapid implementation and are able to customize programmes to address local conditions (Fredericksen and London, 2000). Development NPOs are able to reach out to the poor, empowering them to regain control of their lives (Lewis and Kanji, 2009). Such NPOs adopt a ‘bottom-up’ approach that fosters self-reliance among its beneficiaries.

2.7 Measuring NPO Success

Today’s organisations face unprecedented challenges when having to assess their performances as they have to take into account multiple factors which affect the organisation internally as well as externally such as economic downturns, financial viability competent workforce, strategic leadership and adaptability to changing contexts. (Bartuševičienė and Šakalytė, 2013). Assessing NPO success is further complicated by the absence of an agreed upon set of criteria that measures NPO success, although effectiveness and efficiency can be measured (this will be discussed later on in this section). In for-profit organisations, assessment is easy due to the efficiency of measures like the profit margin (Vaughan, 2010). A traditional return on investment formula: $(\text{total revenues} - \text{total expenditure}) / \text{Net assets}$, has not been applied to NPOs as their humanitarian service goals are much harder to measure. Another complication in assessing the performance of NPOs is that NPO goals are intrinsically linked to donor criteria and not primarily to beneficiary demands (Vaughan, 2010). He who pays the piper calls the tune.

In times of fiscal crisis, the need and demand for health and human services increases, and as revenues shrink, funders tend to invest strategically only in successful organisations (Vaughan, 2010). NPOs are thus faced with the challenges of making efficient use of scarce resources, of being able to adapt and be flexible and satisfy various stakeholders (Ridder, Piening and Baluch, 2012). Such organisations are confronted with the need to demonstrate accountability, comply with funders’ priorities and provide more good quality services against a background of drastic financial setbacks (Ridder et al, 2012).

Knowledge of organisational history is important for recognizing patterns in effective management, as well as understanding how those organisations respond to internal and external challenges (Kimberlin, Schwartz and Austin, 2011). Most international non-governmental organisations have firm roots in humanitarian missions and embody a strong volunteer corps. At the same time such organisations are being held accountable according to sound business principles which include professionally managed financial systems and proper accountancy procedures (Jayawickrama, 2011). Bartuševičienė and Šakalytė (2013) indicate that the more successful organisations tend to have strong management and good human resources protocols. In such successful organisations, employees are aware of the performance appraisal systems and know how to achieve excellence in their work (Bartuševičienė and Šakalytė, 2013).

Common measures of organisational performance are **effectiveness** and **efficiency**, and these will be discussed in the following sections.

Effectiveness as a measure of organisational success

An organisation's effectiveness refers to, "*the extent to which an organisation is able to fulfill its goals*" (Lusthaus et al, 2002, as cited by Chi, Lan and Dorjgotov, 2012: 1018). Organisational effectiveness includes activities like improved innovation and the improved co-ordination of effort (Gold et al, 2001, as cited by Chi et al, 2012). A number of organisations assess their performance in terms of effectiveness, which places emphasis on the attainment of an organisation's mission, goals and vision (Bartuševičienė and Šakalytė, 2013). An effective organisation can also be seen by its ability to adapt to changes, whether changes to strategy or the organisational structure itself (Chi et al, 2012). Bartuševičienė and Šakalytė (2013), suggest that in order to improve organisational effectiveness, management in the organisation should strive for better communication, leadership, direction, interaction and adaptability to the environment. Owing to the fact that NPOs use public funds, it is most crucial for them to be effective in their operations (Herman and Renz, 2000). According to Sawhill and Williamson (2001), NPOs have turned to traditional business models so as to improve their effectiveness and efficiency, and lessons from the private sector in areas like strategic planning, marketing, finance, information systems and organisational development have proved quite beneficial.

In a study on NPOs, respondents' perceptions about aspects of NPO success were sought, and most highlighted the following: clear mission focus/ goals; meets clients'/ community's needs/ cost efficient (good financial management); strong leadership/ board of directors/ governance (Vaughan, 2010).

With regards to the success of an organisation, Fredericksen and London (2000), suggest that the following key areas be considered: leadership and vision; management and planning; anticipating human and financial resource requirements; attracting and retaining qualified staff as well as adequate operational support. The first area is leadership and vision, which includes the presence of a cohesive board of directors, as well as evidence of community participation and support for the leadership. Leadership is crucial as it defines the organisational direction through the mission statement or vision document that outlines the plan of action. Leadership sets the organisational pace, and sets realistic attainable objectives that are connected to organisational excellence. The second measure of an NPO's success is comprehensive management and planning. The level of support and commitment to planning by leadership in an organisation is an important part in assessing the organisation's capacity to achieve its goals (Fredericksen and London, 2000). If an organisation is to thrive, there needs to be planning and the development of a shared vision and goals, as well as an accurate assessment of the existing and potential human and fiscal resources. Another measure of a successful NPO is adequate fiscal planning and practice. Fiscal planning hinges on the presence of a formal fiscal system, which includes fundraising and financial tracking and reporting mechanisms (Fredericksen and London, 2000).

A successful organisation is also able to foresee future human and financial resource requirements, and make adjustments or have a plan in place to address these challenges. Good management and planning also entails the ability to adapt to changing events and/ or environmental demands (Fredericksen and London, 2000). Having policies and procedures to routinize operations will further facilitate an organisation's ability to deliver goods and services (Vaughan, 2010). The ability of an organisation to attract and retain qualified staff is also another measure of success. Such organisations have a core of experienced staff members who may be able to pass on their wisdom to incoming staff members for the betterment of the organisation (Fredericksen and London, 2000). Equipment and space to work in are also essential aspects of how successful an organisation can be.

There needs to be adequate physical space for operations and the presence of support equipment. Thus another measure of an NPO's success is adequate operational support.

According to Frederickson and London (2000), staffing, organisational structure and facilities affect capacity for effective action. The size of an organisation in terms of staffing levels versus volunteer levels is important for sustained organisational learning and consistency. However, while NPOs should strive to be effective they should also strive to be efficient.

Efficiency as a measure of organisational success

Other organisations value their performance in terms of their efficiency, which relates to the optimal use of resources to achieve the desired output (Bartuševičienė and Šakalytė, 2013). Efficiency measures the relationship between inputs and outputs, or how inputs have successfully been transformed into output. An organisation should operationalise its short, medium and long term goals into inputs and outputs that can be measured. Efficiency strives for the utilization of one's available resources for maximum output (Chi et al, 2012). Organisations need to do a cost/benefit analysis. It is imperative that South African NPOs develop clear operationalised input and output indicators so that rigorous programme evaluation and monitoring may be done.

Generally NPOs appear to be more concerned with effectiveness (mostly delivering the right services to the right people) rather than with efficiency (how much those services cost). NPOs need to learn how to balance appropriate relevant output with minimal resources and develop a long term sustainability plan. NPOs that exhibit both effectiveness and efficiency will result in excellent service delivery as there would be high levels of staff morale and commitment (Bartuševičienė and Šakalytė, 2013).

From the preceding discussion, it is evident that leadership is an important factor in organisational success. Leadership is responsible for ensuring: that the goals of the organisation are met; that the organisation's resources are used for maximum output; that there is sound fiscal planning and practice; that there is adequate operational support as well as that the organisation is able to adapt to new situations. Leadership in general and NPO leadership in particular will be discussed in more detail shortly, but first a distinction between management and leadership, as NPO leaders are expected to exhibit both managerial and leadership qualities.

2.8 Distinction between management and leadership

Being a successful manager or a great leader are two distinct roles, though both are required of Executive Directors (Carlson and Donohoe, 2010). Leadership has been defined in various ways. According to Tannenbaum et al (1970), as cited by Furtado et al (2011: 1048), leadership “is the interpersonal influence exercised in a given situation through the process of communication in order to reach a given goal”. Miguel et al (2008), define leadership as “a process whose essence lies in the ability to influence subordinates in a non-unidirectional way” (Furtado et al, 2011: 1048). Leaders are agents of change, as the most successful and effective leaders can induce the right amount of change that their organisations can sustain (Powell, 1995). A leader is seen as a strategist, a person of vision, who can inspire others to greatness. Leaders can motivate staff by serving as role models, they can inspire donors to increase funding, leaders build capacity both inside and outside the organisation and they can create learning environments in which people can grow and develop themselves (Carlson and Donohoe, 2010). Such leaders who foster increased organisational learning and are persons of vision are referred to as strategic leaders, as they are able to explore both knowable and unknowable futures (Phipps and Burbach, 2010). A leader has to be farsighted, be able to predict, or at least think about possible future happenings or changes, and then prepare his or her organisation for the change.

Management on the other hand, is seen as a maintenance activity, where it is the manager’s responsibility to ensure organisational efficiency and effectiveness, making sure that the right things happen at the right time (Carlson and Donohoe, 2010). The task of a leader is seen to be different from that of a manager because a leader has to constantly consider the organisational strategy vis-à-vis the external environment, while a manager ensures that the vision is achieved (Phipps and Burbach, 2010).

For the persons at the helm of an NPO, it is of the utmost importance for them to display both leadership and managerial traits. They need to motivate their staff, and become agents of change, while ensuring that the organisation is being effectively and efficiently run.

2.8.1 NPO leadership and organisational effectiveness

The role played by NPOs has increased significantly over the years, meaning that leadership in these organisations face complex managerial problems, as their organisations have to contend with working with vulnerable people, marginalised groups of people who have been overlooked by government services (Hailey and James, 2004). Herman and Heinmovics (1991) point out that NPO leaders are held responsible for the success and or failure of their organisations. There is overwhelming research evidence that supports the claim that organisational effectiveness is enhanced by leadership taking responsibility for the organisation (Piccolo and Colquitt, 2006; Powell, 1995). Leadership in NPOs often faces extraordinary challenges as they work with limited resources, in volatile circumstances, with marginalised people (Hailey and James, 2004). According to Hailey and James (2004), research found that NPO leaders demonstrate much resolve and resilience, as well as commitment, and an ability to mobilize people and resources, through their strategic visioning. NPO leaders tend to build closer relationships with funders and donors to convince them of the integrity and worthiness of the organisation's mission and vision (Carlson and Donohoe, 2010). The task then of the non-profit leader is to convert the organisation's mission statement into specific measurable objectives (Drucker, 2005). It is also the leader's responsibility to build a strong donor portfolio that secures funding during economic downturns (Carlson and Donohoe, 2010).

Studies of leaders of big NPOs in Bangladesh, India and Pakistan by Smillie and Hailey (2001) showed that these leaders were pragmatic, rational and aspirational, with the ability to balance demanding facets of their lives such as personal commitment to their vision, the needs of the communities and the demands of the donors. These leaders were also seen to be value driven, having clear and ambitious development aspirations, understanding what they had to do, as well as the resources which were available to them (Smillie and Hailey, 2001). In a nutshell, these leaders had a clear vision and a strong aspiration to help the needy, and they were able to share and inspire others with this vision (transformational leaders). Casida and Parker (2011: 478) suggest that the key to high organisational performance is “a consistent display by leaders of transformational leadership, as such leaders show vision, charisma, risk taking and out of the box thinking, as well as an aptitude for motivating subordinates”.

Powell (1995) lists the attributes of effective leaders who are in charge of successful and effective NPOs. Such leaders are adaptable and flexible to different situations that arise; they are assertive, have the capacity to manage, decide, set priorities; have the capacity to motivate their staff, have intelligence, and possess a great skill in dealing with people. Effective leaders who are in charge of effective NPOs have the ability to delegate, which ensures that an expert management team is developed as more people are given key responsibilities. Such leaders also embrace information technology (IT), as a powerful tool to serve the interests of their organisations; these leaders have mastered administration and leadership tasks such as understanding the organisational budget. These leaders display effective time management, ranking tasks from most important to the least important. Carman, Leland and Wilson (2010) found that about twenty per cent (20%) of the NPO leaders in their study had a for-profit background, having had senior positions in profit making companies and were able to put their experiences to good use in the NPO sector.

Governance in NPOs

Good governance is an integral part of an organisation's effectiveness. The governance of NGOs refers to the oversight role that a governing board has over the functions needed to be carried out vis-à-vis the internal functioning and external relations of the organisations (Tandon, 1996). To overcome problems of limited resources, constraints and relationships with other sectors, and to focus on service delivery, transparency, accountability and governance, Codes of Good Practice for South African NPOs were created. These codes provide guidelines for NPO practices and attempts to enrich the NPO environment (Codes of Good Practice, 2001). The Codes of Good Practice (2001) stipulates that NPOs should have a governing body, which is,

“a group of an NPOs constituency representatives who are elected or invited to voluntarily serve as the constituted leadership of an NPO” (Codes of Good Practice, 2001: 5).

This group can also be known as a Board, Board of Directors, Trustees, Council or Steering Committee.

Duties and responsibilities of a Board

The Board is tasked with addressing issues of the NGO vision, mission and strategy, as well as focusing on the organisation's future direction (long term strategic planning) (Tandon, 1996). The Codes of Good Practice for NGOs (2001) lists the duties of a Board as: determining the organisation's mission, selecting and appointing the CEO, supporting the CEO, ensuring effective organisational planning, ensuring that the organisation has adequate resources, and that they are well managed, determining and monitoring the organisation's programmes and services, as well as enhancing the organisation's public image.

According to Tandon (1996), it is the Board's responsibility to ensure accountability in the organisation. In an NGO setting, accountability is defined as,

“Demonstrating regularly that it (the NGO), uses its resources wisely and doesn't take advantage of its special privileges to pursue activities contrary to its non-profit status” (Wyatt, 2004).

Accountability in an NPO can also be in relation to the organisation's mission, performance in relation to that mission, and accountability in ensuring that the organisation adheres to rules and norms in place as a good civic institution (Tandon, 1996). An organisation which is accountable has a functioning system of internal governance, as this system checks and ensures that public interest is served (Wyatt, 2004). NPOs need governance structures to ensure that they are still in line with serving people's needs, and that they do so in a manner that is effective and efficient.

While it may seem that the Board's responsibilities and those of the management staff are similar, they are quite distinct, and these two entities have to support and complement one another. The Board should have an oversight role in the organisation, be aware of organisational processes but has to leave room for the leadership to exercise autonomy in carrying out operations. Critical to the success and effectiveness of an NPO is the relationship between the Board, especially the Chairperson and the leader of the NPO (CEO, Director).

Board-Leadership relationship as critical for an effective organisation

According to Powell (1995), the single most important factor in determining the success of an NPO is how well it's Executive Director (leader) and Board get along. In a study on the relationship between Board characteristics and organisational effectiveness by Bradshaw et al (1992), as cited by Herman and Renz (2000), it was found that Boards with a common vision and involvement in an organisation resulted in effective organisations. Wyatt (2004) also posits that a close and co-operative relationship between the Board Chair and CEO leads to a productive (effective) organisation. The Board and leadership have to work together, consulting one another if the organisation is to be effective. According to Powell (1995), the Board has to make a commitment to forge a strong partnership with the Executive Director, one that relies on transparency, integrity, respect and good communication. The leader has to communicate his/or her intended plans for the organisation, as communication is key to effective organisations. This however does not mean the leader will seek permission for all the day-to-day decisions that he/she has to make, but will seek council from the Board from time to time.

2.9 Perceptions of leadership

A perception is the way people interpret their experiences (Otara, 2011). In organisations, perceptions of leaders, managers and employees shape the climate and effectiveness of the working environment (Otara, 2011).

Leadership self-perceptions

In their study of Department Heads at a University, Gemechis and Ayalew (2012) found that they perceived their leadership style as 'selling', whereby the leaders would make decisions and then try to convince their subordinates to accept the decision. Some leaders in the same study perceived themselves as being democratic, and employing a participative approach to decision making, whereby the leader would consult members of his or her group, hear their points of view first, before making a decision. Involving employees in decision making enhanced their work motivation to work as well as their commitment and loyalty to the organisation (Gemechis and Ayalew, 2012). In a different study by Bentley (2011), it was found that leaders perceived themselves as transformational leaders, inspiring their subordinates. According to Duygulu and Kublay (2010), effective leadership affects productivity at an individual and institutional level, resulting in employees staying in their jobs as it increases work satisfaction.

Work/ job satisfaction is defined as “*a pleasurable or positive emotional state resulting from the appraisal of one’s job and job experience*” (Locke, 1976: 1304, as cited by Yang, 2012). Such NPO leaders enhance their subordinates’ job satisfaction by making them feel valued and this in turn has an impact on the subordinates’ organisational commitment, with the latter identifying more strongly with the organisation and thus being inclined to remain in their jobs. If a leader is transformational, they are able to stimulate, inspire their followers to exceed their own self-interests for a higher purpose (Doran et al, 2004). According to Gelatt (1992), the hallmarks of organisational excellence can be seen through a clear sense of mission, a well led and professionally managed organisation, staff and volunteers who understand and appreciate each other’s roles, as well as a fiscally sound organisation. Leadership has a direct influence on an organisation’s success, as it ensures that the organisation is a well-oiled machine. However subordinates may assess leadership styles very differently to leaders’ self-perceptions of their leadership. Thus it is important to assess what staff think of their leaders.

Staff perceptions of leadership

According to Sinickas (2003), how employees perceive their leaders has a bearing on a company’s success. In order to have an effective workforce, leaders in organisations have to create environments which can offer support and motivate employees. Managers have to work with and through staff members to achieve organisational objectives, which makes staff perceptions of the leaders quite important (Otara, 2011). Studies on nursing staff’s perceptions of their leaders revealed that 92% of staff members perceived their leaders to be participative and democratic, shared responsibilities, gave advice and listened to staff, gave support and help, were approachable and empowered staff (Moiden, 2003). These democratic leaders adopted a humanistic approach to management, which focuses on building effective work groups. Such a democratic approach fosters close interaction between leaders and staff, encourages them to be friendly and trusting, with the staff being treated with dignity and fairness, resulting in motivated staff, which in turn results in increased productivity (Moiden, 2003). These leaders also embraced elements of a “transformational leadership” approach which leads to better organisational outcomes (Piccolo and Colquitt, 2006).

A smaller proportion of staff members however perceived their leaders as autocratic making top-down decisions (Moiden, 2003). This study reveals that some leaders may be adopting situational leadership styles that vary with personnel and situations that they are dealing with. There are pros and cons that have to be weighed up in choosing to adopt a particular style of leadership. Taking time for inclusivity in the short term may seem time consuming but the effective results of crucial strategic decisions made in this manner may have far reaching long term positive consequences. Where time is of the essence, group decision making may be overlooked so as to achieve immediate positive results. In such a case a leader may act autocratically for the greater good of an organisation.

According to Naseem, Sheikh and Malik (2011), employee satisfaction is integral to an organisation's success, and so it is important to understand what can be done for employees so that they remain satisfied and motivated to achieve optimum results. According to Manzoor (2011), employees want a reasonable salary and payment for their work, and if the payment is satisfactory, it is more than likely to increase the worker's job performance, thereby increasing the organisation's effectiveness. Being given challenging and empowering work are also factors that motivate employees (Manzoor, 2011). Herzberg's motivation theory states that employees can be satisfied with their jobs through the nature of their job, a sense of achievement in the work, possibilities of personal growth and recognition, and promotion opportunities (Herzberg, 1987; Robbins, 1982).

Another crucial aspect of leadership in relation to organisational success is related to maintaining the viability and the sustainability of an organisation.

2.10 NPO viability and sustainability

The need to strengthen the ability of NGOs so that they are better able to fulfill multiple roles has been identified by various stakeholders, making viability and sustainability important issues for these organisations (Low and Davenport, 2002). Viability in general means "the capacity to survive", but organisational viability refers to the *"ability of an organisation to continue to deliver its projects and services and to reach those outcomes outlined in its mission"* (Craciun, Lardinois and Atkinson, 2009: 12).

For Sontag-Padilla, Staplefoote and Gonzalez-Morganti (2012), sustainability refers to the ability of leaders to maintain an organisation over a period of time, with the aim being to ensure that the organisation continues to survive in the future. For NPOs, viability includes sustainability as they have one end goal-ensuring an organisation's long term survival. According to Devine (2003), sustainability for NGOs means that these organisations are serious about breaking out of a "charity cocoon", and embracing a more effective and professional approach to development, while at the same time it is seen as an attempt to scale up operations. In order for an NPO to be viable and sustainable it has to be financially secure.

Financial sustainability

Abdelkarim (2002:3) defines financial sustainability as,

"the ability of an NGO to develop a diverse resource base so that it could continue its institutional structure and production of benefits for the intended client population after the cessation of donor financial support".

According to the 2009 NGO Sustainability index for Sub-Saharan Africa (2010), financial viability occurs when NGOs have enough resources to remain operational for the short term future, using sound financial management systems while operating in a transparent manner. This feat can only be achieved when an organisation has a consistent and reliable income. Hence the importance of good financial management and sound resource mobilisation/income generation initiatives becomes clear. Conradie (1999) highlights the plight of several NPOs established to meet a need without any strategic assessment of their viability /sustainability and who run out of funds with serious implications for the staff and the beneficiaries.

NPOs face the dual task of balancing financial sustainability with achieving mission-related goals, which is a tough achievement (Carroll and Stater, 2008; Sontag-Padilla et al, 2012). Some organisations might seek to accomplish immediate short term goals related to their mission statement and so forgo their continued organisational survival, while others may opt to run fewer programmes so as to prolong their organisation's survival. The onus is on the leadership and governance structures of the organisation to determine the strategy that their organisation will use to sustain the organisation.

What is crucial for these organisations is their ability to develop strategic plans that will assist them to manage their current financial challenges, whilst maintaining the thrust of their long term mission goals (Carroll and Stater, 2008).

Another problem that NPOs face is their financial dependence (on the public, government and/or donors) for funding. As a result of this dependency, organisational survival is based on the ability to acquire and maintain resources, holding non-profit entities ransom to a fluctuating and volatile environment (Carroll and Stater, 2008). Many NGOs in Sub-Saharan Africa have to contend with donor impact on their structures and internal decisions (NGO Sustainability index for Sub-Saharan Africa, 2010; Viravaidya and Hayssen, 2001). This is further supported by Coule (2007), who points out that those organisations which do not diversify their sources of funding run the risk of losing their independence.

The Global recession and its impact on financial viability

The economic crisis of 2008/2009 has been described as the greatest financial crisis since the Great Depression of the 1930s (Hanfstaengl, 2010). In South Africa, there was a significant decline in funding received from international donors owing to the recession (Gebreselassie-Hagos and Smit, 2013). As a result of the reduced income for the NGOs, several strategies were adopted by these organisations to curb the effects of the recession. Among the strategies employed was a revision of funding strategies, innovative fundraising techniques, travel and training cost reductions, programme and service cutbacks, even staff layoffs (Gebreselassie-Hagos and Smit, 2013). It is this reliance on external funding that caused these organisations to cut back on services rendered. NPOs need to find ways to generate their own income and decrease their dependence on funders.

Organisational capacity and its effects on sustainability

The 2009 NGO Sustainability index for Sub-Saharan Africa (2010) identified organisational capacity as a key dimension of sustainability, where,

“a sustainable NGO sector will contain a mass of NGOs that are transparently governed and publicly accountable, capably managed and exhibit essential organisational skills.” (NGO sustainability index, 2010: 9).

Such organisational skills are achieved as a result of capacity development, which is;

“the process by which individuals, groups, organisations, institutions and societies increase their abilities to (i). perform core functions, solve problems, define and achieve objectives; and (ii), understand and deal with their development needs in a broad context and in a sustainable manner” (UNDP, 1997, as cited by Low and Davenport, 2002: 368).

The implication for NPOs is that they need to enhance their abilities to better deliver on their mission statements. 0Kabdiyeva (2013) calls for the strategic management of human resources in organisations as a way of enhancing performance, when the organisations take a proactive role in meeting the changing demands of their environment. This point is also supported by Low and Davenport (2002), who suggest that training should be provided for employees so that they can acquire a range of skills, thereby ensuring that the organisation functions effectively. This training can be provided in areas like programme management, proposal writing, innovative cost-effective practices among others, as these are important strategies to be learnt in the NPO sector. Training should be provided for staff at all levels in an organisation, even the governance structures, as they have an impact on an organisation’s sustainability.

Organisations that are “sustainability conscious” should take time to develop a succession plan for all staff members, especially leaders. Most NPOs fail to invest sufficient time and resources in having a clear succession plan (Carman et al, 2010). There should be leadership succession management, which is a strategic and deliberate activity aimed at ensuring an organisation’s future capability to fill leadership vacancies (Arogundade, 2011). There should be sufficient people capable to take over leadership, should the need arise. It is therefore critical to screen and select people for the leadership positions, based on their abilities and commitment to the organisation. Systematic succession management guarantees continuity of ideas and vision for an organisation, thereby assuring the organisation’s sustainability.

2.11 Strategies to ensure continued sustainability

Dangor (1997) provides some strategies for the continued survival of the organisations, such as: the creation of sustainable funding mechanisms; the training and building up of skills and professionalism; overcoming divisions in the sector, as well as changing practices within the organisation.

Some of these strategies will now be discussed.

(i) Diversifying funding sources through social enterprise projects

Traditionally, NGOs have relied on the goodwill and generosity of others to further their missions, but however, in these modern times, such funding sources are becoming insufficient for the organisations (Viravaidya and Hayssen, 2001). The key to sustainability is diversification of funding and this can be done through a social enterprise approach.

A social enterprise is,

“any business venture created for a social purpose, reducing a social problem and to generate social value while operating with the financial discipline, innovation and determination of a private sector business” (Alter, 2007: 12).

What this means is that NPOs begin to engage in business activities (profit making), which result in them furthering their mission, owing to the increased income. According to Weerawardena and Mort (2006), the key to a successful social enterprise is innovation, whereby social entrepreneurs come up with novel ideas that will see their organisations providing more social value. NPOs should develop more creative and innovative ways of raising funds (Sontag-Padilla et al, 2012). According to McConkey (2001), NPO leadership should incorporate social enterprise initiatives in their goals as a means towards sustainability. The income generation projects (social enterprise), can be integrated into the NPOs core activities (Alter, 2007). For example, a shelter for men could have a micro business where the men make crafts and sell them for profit.

Arguments against social enterprise strategies relate to fears that these initiatives may distract the organisation from its real mission. However, Viravaidya and Hayssen (2001) counter this by arguing that there is no reason why NPOs cannot engage in any business as long as it does not contradict the NPOs mission. An example of such a contradiction would be of an NPO that provides support and counseling to alcoholics, but also sells alcohol.

NPOs can also resort to conducting core services for clients that pay, or contracting out support services for the private sector as a way of raising money (Viravaidya and Hayssen, 2001). These services would still be in line with the NPOs services; the only difference would be that the organisation is getting paid for service provision. There are calls for NPOs to adopt business plans in order for them to be sustainable.

This means that NPOs should be setting revenue generation goals, restructuring programmes and services so that they become more efficient and measurable (Dart, 2004). There is a constant need for NPOs to improve their human resources by providing training programmes so that employees can have the necessary skills and knowledge to perform their jobs (Kabdiyeva, 2013).

(ii) Strategic Partnerships for sustainability

Low and Davenport (2002) argue that in order to be sustainable, NPOs need to explore corporate giving and build relationships with the private sector. NPOs should be able to foster a relationship with the private sector, and this can be done through communicating to the private sector a valued ‘social responsibility’ return on their investment (Sontag-Padilla et al, 2012). Businesses are willing to work with the non-profit sector, but these organisations have to improve their professionalism, so as to have effective engagements with the private sector (Kabdiyeva, 2013). Strategic partnerships can also be in the form of collaborations with other NPOs as this minimises competition for scarce resources, while maximising the impact of services rendered (Sontag-Padilla et al, 2012). This means that NPOs working in the same geographical area or those with similar missions can find ways to work together, resulting in increased impact in the communities they render services to. Coordination of similar services that are rendered by various NPOs could also result in joint Government grants being offered.

(iii) Financial Reserves and Investing

It is of paramount importance for organisations to have financial reserves, as they provide a ‘cushion’ in times of financial difficulty (Kurre, 2010). Those organisations that do not have reserves will succumb to a cessation of their services and eventual non-existence (Kurre, 2010). It is important for NPOs to establish trust funds which could provide long term income for the organisation (Low and Davenport, 2002). NPOs can also have savings accounts, in which they can deposit money during financially favourable times.

(iv) Improved government support for NPOs

If NPOs are to be sustainable, there should be improved relations with the government. According to Bernard (2012), there is a lack of meaningful support of NPOs by the government, in spite of the work that the former does. NPOs in South Africa, address crucial gaps in the State’s service delivery.

The United Nations Environment Programme (UNEP), in its paper on strengthening NPOs (1995), identified the need for NPOs to be seen as social partners working together with government so that NPOs can be involved at all levels from policy-making and decision-making to implementation. NPOs without losing their autonomy could do much if they were supported resource-wise by Government.

2.12 Summary

This chapter reviewed literature pertaining to theoretical models pertinent to this study as well as relevant legislation. Furthermore, a survey of various research studies and literature which addresses some of the issues linked to this research study's objectives have been presented and discussed.

The following chapter discusses the methodology.

CHAPTER THREE: METHODOLOGY

3. Introduction

This section will discuss the methodological framework that guided the research process. The research design, data collection methods (sampling, data analysis, data collection approach, and data collection tool), data analysis approach, data verification, ethics and limitations will be discussed in this chapter.

3.1 Research Design

According to De Vos (1998), a research design is a strategic framework for undertaking research. This study adopted a qualitative, exploratory approach as its research design. A qualitative design aims to study human action from the insiders' perspective (Babbie and Mouton, 2001). According to Babbie and Mouton (2001), qualitative research focuses on the subjective realities of respondents, which is pertinent to this study (Babbie and Mouton, 2001). This study focused on the perceptions (subjective appraisals) that leadership/management and staff have about why they considered their organisations to be successful. A qualitative approach is also adopted when one is seeking to understand and explore a phenomenon more deeply (De Vos, 1998).

- **Sampling Approach**

A sample, according to Arkava and Lane (1983), as cited by De Vos et al (2005), comprises of elements of a particular population, which would be included in a research study. The research made use of non-probability, purposive sampling, which entailed the researcher using his own discretion and judgment pertaining to the selection of development NPOs as well as the selection of employees working in these NPOs so as to gain 'rich' information (Babbie and Mouton, 2001).

- **Sampling Process**

The research used PRODDER (2013), which is a comprehensive directory about NGOs including development organisations in South Africa so as to gain an insight into the various types of development organisations and whether or not they met the selection criteria set up for this study.

The researcher targeted organisations that had been in existence since 1994, and that were still operational, since this meant that they were able to ‘weather the storm’ with regards to the post-apartheid changes.

The specific criteria for selecting the NPOs were:

- NPOs that have been established since 1994.
- NPOs with a Director (preferably who had been in that position for at least five years).
- NPOs which had a minimum of eight employees.

The researcher made a list of development organisations that met the aforementioned criteria. Of the over twelve organisations that met the criteria for selection, only five agreed to participate despite the researcher clearly indicating that he could meet them at their convenience. Reasons for not wanting to participate were not given. At the last minute during the field practice interviews, one organisation pulled out due to staff pressure linked to financial statements that had to be prepared. In consultation with the University Supervisor, the researcher ended up using the four development organisations that agreed to participate. Hence this study with its limited sample size could be defined as a pilot study. At each of these organisations at least five key personnel would be asked to participate in the study with one in a leading position.

- **Number of respondents**

At each of the four organisations, the researcher intended to interview five persons: the Director, three staff members and a board member, which brings the total number of respondents to twenty. However, at one of the organisations, the board members could not be reached, resulting in a total of **nineteen respondents**. A profile of the respondents will be presented in Chapter Four.

3.2 Data collection approach

The data collection approach that was used consisted of face to face in-depth interviews. According to De Vos (2005), the use of face to face interviews involves the undertaking of closely detailed conversations allowing the gathering of rich primary data. The researcher was able to seek clarification and probe where necessary.

Each interview lasted at least 45- 60 minutes. The researcher took note of the non-verbal cues and recorded the interview so as to accurately report on the verbatim responses.

- **Data collection Apparatus**

A tape recorder was used as it records the actual words spoken by the respondent thus giving an accurate account of the interview when compared to note-taking (Smit et al, 1995: 17, as cited by De Vos, 2005). Permission was sought from the respondents and they gave their consent.

- **Data collection instrument**

The data collection instrument used was a semi-structured interview schedule. Open-ended questions were specifically constructed with the objectives in mind. According to Babbie (2001: 25), as cited by De Vos (2005), “a semi structured interview has a set of predetermined questions, but the interview will be guided by the schedule, rather than be dictated by it”. A qualitative interview requires intense listening, a respect and curiosity about what people say and a systematic effort to hear what people are trying to say (Rubin, 1995). It would be imperative for the researcher to pick up meta communication as well.

According to Corbetta (2003), a qualitative interview is not an ordinary conversation, but rather, it is a guided conversation in which the researcher ensures that the interviewee responds according to set questions. With semi-structured interview schedules, the researcher makes reference to a group of topics to be covered, but the order is left to the interviewer’s discretion (Corbetta, 2003). This is what the researcher was doing, as he did not follow the interview schedule rigidly. Since the data collection instrument was semi structured, the researcher was able to explore other questions which had not been in the interview schedule, and this enabled richer data to be obtained. This flexibility worked to the researcher’s advantage as he was able to explore and probe participants who then added comments.

- **Data analysis**

Data analysis is the act of making sense of and interpreting data (De Vos, 2005). The research made use of a qualitative design that used qualitative methods for data collection. There are different ways of analysing qualitative data (grounded theory; discourse/narrative analysis and thematic analysis amongst others. Such qualitative data could have been analysed using computer assisted software (NUDIST or NVIVO) or could be done manually.

In this instance, data was analysed manually using an adaptation of Tesch's (1990) approach. According to this approach, data is analysed according to main topics and sub-topics which are grouped and categorised into main themes and categories of those main themes. It is a variant of thematic analysis. Tesch's (1990) qualitative data analysis model, described in De Vos (1998), consists of the following steps:

1. Read through all the transcriptions carefully and make sense of the data by jotting down some initial ideas along the margins.
2. Return to the transcriptions to explore the deeper meaning of the data. Make further notes on the margins should new ideas arise.
3. Categorize the ideas jotted down in the margins by labeling them into topics and sub-topics. If doing it manually as was done in this study use different colour pens to label these topics and sub-topics.
4. Regroup the topics and sub-topics so as to constitute the main themes and sub-themes emanating from this first stage analysis.
5. Develop a 'framework for discussion of findings' and check for appropriate mutually exclusive sub-themes or categories.
6. Collapse some categories/sub-themes where necessary and subsume them under an appropriate label as a means to refine the framework.
7. Make sure that the main themes are linked to the objectives.
8. Once the framework has been re-worked and finalized it is used to guide the writing up and discussion of findings.
9. The second stage analysis begins when these findings are compared and contrasted with other studies (discussed in the literature review). Actual quotations are used in discussing and analyzing the findings.
10. Lastly the researcher also critically appraises the findings giving his own insights about the nature of the findings.

This process proved helpful for a novice researcher who was trying to make sense of the data as it gave one a systematic process to deal with the information gained and at the same time allowed for critical reflection about the information gained.

3.3 Data verification

Guba and Lincoln (1981), maintain that research should be truthful, have applicability, consistency as well as neutrality for it to be considered trustworthy. Strategies to attain trustworthiness include, peer debriefing, prolonged engagement, persistent observation as well as member checks (Lincoln and Guba, 1981). The researcher had to be aware of how qualitative data is assessed. The trustworthiness of qualitative research is linked to four key constructs/concepts, which are: credibility, transferability, dependability and confirmability. These will now be discussed.

- **Credibility**

According to De Vos et al (2005), credibility is about establishing the truth value of the research, i.e. whether the researcher has established confidence in the truth of the findings as gained from the subjects as well as confidence in the context in which the research was undertaken. The research sought to get the perceptions of staff working in development NPOs and personnel were under no duress to provide falsified data since their participation was purely voluntary and secondly responses could not be directly attributable to any respondent as such as anonymity and confidentiality were assured. Respondents were also made aware that their responses would in no way gain them anything from the organisation nor would it jeopardise their work relations.

- **Transferability or applicability**

This refers to “the degree to which the findings can be applied to other contexts and settings with other groups” (De Vos et al, 1998: 331). The research findings may be applied to a certain degree to other development organisations in the Western Cape as a kind of a ‘benchmark’ for good practice and where other similar development organisations are also succeeding one could make some assumptions bearing in mind the key findings obtained from this research. At the same time it has to be stated that this is a limited piece of research due to its very limited sample size and scope.

- **Dependability or consistency**

Dependability is related to whether the findings would be consistent if the research was to be replicated with the same subjects or in a similar context (De Vos et al, 1998).

Despite the limited scope of this research, the depth in which key issues were explored yielded rich results, and crucially in keeping with the notion of dependability, the methodology has been clearly recorded and set out in a manner that could be duplicated. The interview schedule has been appended with all the questions that were asked.

- **Confirmability**

This is a strategy used to ensure neutrality, which is about ensuring that the findings are directly linked to what the informants said in relation to the objectives of the research, without any biases (De Vos et al, 2005). The researcher recorded the interviews and verbatim transcriptions of the interviews were made so that all responses were accurately captured. The process of analysis was also clearly laid out so that the reader could track the thinking behind the analysis as well as whether or not the comparisons to other studies were appropriately discussed. Selection of quotations can be tracked through comparing the actual transcriptions (which are held for a period of two years in a safe place) with what was finally selected for discussion to check for biases.

3.4 Ethical Considerations

According to De Vos et al (1998: 24), ethics,

“is a set of moral principles which is suggested by an individual or group, is subsequently widely accepted, and which offers rules and behavioural expectations about the most correct conduct towards experimental subjects and respondents, employers, sponsors, other researchers, assistants and students”.

There are ethical guidelines that deal with morality issues; in social science there are general agreements about what is appropriate and inappropriate in the conduct of scientific inquiry (Babbie and Mouton, 2001). The key ethical concerns that the researcher took special note of in relation to this study were:

- **Informed consent/right to self-determination**

According to De Vos (2005:25) this consideration stipulates that “all possible or adequate information on the goal of the investigation, the procedures which will be followed during the investigation should be exposed”. The researcher ensured that the participants were fully informed of the study before they agreed to participate.

The researcher had drawn up a letter of research intent, which had the research topic, the research objectives and main research questions and a section which they could sign. The researcher also pointed out to the respondents beforehand that they could request a copy of the research proposal. Before each interview commenced, the researcher would go over briefly what the research was about, with special emphasis on the research objectives. Informed consent was also sought for using a tape recorder during the interviews. All participants agreed to being recorded and were fully aware of the nature of the study and what was expected of them. In keeping with self-determination the respondents could decide to withdraw from the study at any time.

- **No Deception of subjects**

This entails not deliberately deceiving participants, withholding information, or offering incorrect information in order to ensure that participants will partake in the study where otherwise they would not (De Vos, 2005). The researcher ensured that the participants knew all the necessary information prior to the onset of the study so that there will be no deception or violating the integrity of the participants.

- **No harm to respondents**

The nature of this study was such that no harm was foreseen in carrying out this study with respondents. The only issue was that once consent was given the researcher had to ensure that the interview was carried out within a reasonable time limit to ensure that the work schedule of the respondents were not unduly compromised. In this study this did not occur.

- **No violation of privacy/confidentiality**

The violation of privacy and confidentiality may be jointly considered (De Vos, 2005). Privacy is defined as ‘normally that which is not intended for others to observe or analyse (De Vos, 2005:27). The researcher ensured that the right of privacy was respected and protected by guaranteeing anonymity, since the actual names of the respondents would not appear in study and neither would the organisations be identified. All the transcriptions will be kept for a period of two years in a safe place after which they will be destroyed.

3.5 Limitations of this research study

- **Research Design**

The first limitation is that which is inherent in the research design. Qualitative research relies heavily on subjective responses of the participants and the interpretations of the researcher (Babbie and Mouton, 2001). The researcher clarified with the respondents to make sure that he understood the meaning that the respondents gave to particular questions and based interpretations on the theoretical framework of the study as well as related studies. Qualitative studies are context specific, as they try to understand events in the circumstances in which they occur in (Babbie and Mouton, 2001). Notwithstanding the limitations of such a design, it was still deliberately chosen as the design of choice since the focus of the study was on the perceptions that respondents held about successful organisations.

- **Sampling**

A non-probability, purposive sampling approach was used which was perfectly suitable for the study design and purpose since the researcher targeted those development NPOs that could give the desired information. The downside of such a sampling approach is that it does not allow for generalisation. The very limited sample size which constitutes a ‘pilot study’ is by far the most limiting factor. However, carrying out in depth interviews with at least four to five persons per organisation redeemed this study somewhat. A total of nineteen respondents were interviewed which is considered sufficient for an exploratory minor dissertation.

- **Data Collection Approach**

The data collection approach used was that of face to face interviews. According to De Vos (2005), a limitation of face to face interviewing is that it is time consuming and requires interviewing skills in establishing rapport, probing and clarifying amongst others.

- **Data collection Instrument**

The data collection instrument used was a semi- structured interview schedule. The problem with a semi structured interview schedule is that a researcher is often tempted to follow it rigidly (De Vos, 2005). However, this did not happen as the researcher allowed respondents to provide uninitiated responses that did not always follow the question sequences but which were pertinent to the study.

- **The use of Tape Recorder**

According to Smit et al (1995), as cited by De Vos (2005), participants may not want to be recorded. Some respondents were initially reluctant but when the researcher pointed out the value of accurate recording of information and that anonymity and confidentiality, would be ensured, all agreed to the recording of their interviews.

3.6 Summary

This concludes the chapter on research design; methodology; data verification, limitations and ethics pertaining to this research.

The following chapter will present and discuss the findings.

CHAPTER FOUR: PRESENTATION AND DISCUSSION OF FINDINGS

4. Introduction

This chapter will present and discuss the findings that emerged from the study, and these findings shall be compared and contrasted with the findings from other studies. Firstly, the objectives will once again be presented; a profile of respondents will be depicted in a table (Table 1: 47), followed by a brief explanation, and thereafter a framework for analysing the findings will be set out in Table 2 (page 50). Further analysis will critically link these findings to related research studies and theoretical frameworks discussed in the literature review.

The objectives of this study are:

- To find out the mission and the main services rendered by these NPOs.
- To explore how these NPOs have remained viable.
- To determine the leadership strategies that could contribute towards NPO effectiveness.
- To ascertain the contributing staff factors that promote effective service delivery.
- To explore staff perceptions about the difference their services make to their beneficiaries.
- To explore the strategies needed to ensure the continued sustainability of the NPOs.

4.1 Profile of respondents

TABLE 1: Profile of respondents

| Respondents | Org | Race | Age | Gender | Job Title | Educational attainment | Years in organisation |
|-------------|-----|----------|-----|--------|---------------------------|---|-----------------------|
| R1 | A | Coloured | 57 | Male | Director | Bachelor's | 3 |
| R2 | A | White | 59 | Female | Finance Director | Diploma | 20 |
| R3 | A | Coloured | 64 | Female | Administrator | Diploma | 28 |
| R4 | A | Black | 42 | Female | Programme Co-coordinator | Bachelor's | 4 |
| R5 | A | White | 81 | Female | Board member | Bachelor's | 30 |
| R6 | B | White | 63 | Male | Director | Bachelor's | 4 |
| R7 | B | Black | 35 | Female | Programmes Manager | Bachelor's | 1 |
| R8 | B | White | 52 | Female | Marketing Manager | Bachelor's | 4 |
| R9 | B | White | 39 | Female | Financial Administrator | Bachelor's | 11 |
| R10 | B | Indian | 48 | Male | Finance Manager | CFA | 6 |
| R11 | C | Coloured | 60 | Male | Director | Bachelor's | 10 |
| R12 | C | Coloured | 55 | Male | Communications Consultant | Bachelor's | 1 |
| R13 | C | White | 30 | Male | Programme developer | Bachelor's | 3 |
| R14 | C | Black | 34 | Male | Programme Co-coordinator | Bachelor's | 3 |
| R15 | D | Coloured | 43 | Male | Director | Bachelor's; currently studying for an MBA | <1 |
| R16 | D | Black | 47 | Male | Programme Manager | Master's; currently completing Doctoral studies | 6 |
| R17 | D | Coloured | 63 | Female | Programme Manager | Diploma | 28 |
| R18 | D | White | 44 | Female | Programme Manager | Master's | 4 |
| R19 | D | Coloured | 62 | Male | Board member | Bachelor's | 13 |

- **Distribution of respondents by gender**

Of the nineteen respondents that took part in this research, ten were male, while nine were female. Thus there was a more or less an even gender distribution. However it is interesting to note that all the directors were male which is largely indicative of a gender bias when it comes to senior management. An explanation of this bias may stem from the “glass ceiling” concept. Morrison et al (1987), as cited by Oakley (2000) describe the glass ceiling as a barrier that inhibits women from moving up the corporate ladder past a certain point.

The women in this research study had senior positions (Finance Director, Programme Manager, Marketing Manager, etc.), but none of them were directors.

- **Racial distribution of respondents**

Seven respondents were classified as White; seven classified as being Coloured. Only four respondents were Black and there was one Indian respondent. The Western Cape, during the Apartheid era, was known as a 'Coloured Preferential Area' which meant that 'Blacks' were not encouraged to settle in the Western Cape. This explains the preponderance of so-called Whites and Coloureds in the Western Cape.

- **Age distribution of respondents**

Four of the respondents in this research were between the 30-40 year age ranges. Five respondents were aged between 41 and 50 years; with another five respondents aged between 51 and 60 years. There were five respondents who were aged 61 years and above, with the oldest respondent being 81 years old. Thus nine respondents were 50 years and below whilst nine were between 51 and 64. The single 'outlier', a Board member, was 81 years old. In most organisations, Board members are nominated because of their experience and the particular expertise that they bring to the organisation's board.

- **Job titles of the respondents**

Most of the respondents in the research had senior positions in their organisations, mostly programme heads (nine respondents). There were four Directors who took part in the study, as well as two board members. Three of the respondents dealt with their organisation's finances, while only one respondent was responsible for general administration. The researcher targeted senior personnel since they would be able to provide the information that this research sought to gain.

- **Years of experience in the organisation**

It was important to know how long the respondents had been working in their organisations as this provided a background for the information they shared. The assumption being that the longer respondents worked at the organisation, the more accurate and critical the responses. The average number of years that these respondents worked in the organisation is 9.5 years.

Ten of the respondents had been working for their organisation for less than five years. Seven respondents had been working in their organisations for at least ten years. In one organisation, of the five respondents interviewed, three had been involved with the organisation for at least twenty years each. Two of the four Directors who took part in this study had worked for less than two years in their organisations. There seems to be a low staff turnover in these organisations which may be attributed to various factors. One explanation is the motivator concept, under Herzberg's Two Factor theory (Lundberg et al, 2009). The staff may be getting a sense of achievement from helping other people, which leads to them staying on in their jobs.

- **Educational qualifications of respondents**

All the respondents had some form of tertiary education, with fifteen respondents having a Bachelor's degree. At least four of the respondents had postgraduate training. This is an interesting finding since it augurs well for these NPOs to have well qualified personnel in key positions. At the same time these respondents could have worked in the private sector gaining higher salaries yet they have specifically chosen the NPO sector which could be linked more to job satisfaction rather than remuneration incentives. Connors (1980) suggests that employees in the NPO sector get the opportunity to pursue non-monetary goals, which leads to their satisfaction.

4.2 Framework for analysis

Using an adaptation of Tesch's (1990) qualitative data analysis model, cited in De Vos (2005), the following framework for analysis was developed.

TABLE 2: Framework for analysis

| <u>Themes</u> | <u>Categories</u> |
|---|---|
| 1. Mission and main services | <ul style="list-style-type: none">• <u>Empowering people and enhancing lives</u> |
| 2. NPO viability | <ul style="list-style-type: none">• <u>Financial sustainability</u><ul style="list-style-type: none">- Financial reserves- Diversified funding- Cost cutting measures/change of strategy- Efficient and effective financial control• <u>Good leadership and Governance</u> |
| 3. Leadership strategies | <ul style="list-style-type: none">• <u>Staff perceptions of leadership</u><ul style="list-style-type: none">- Inspirational leadership- Democratic/Participative Leadership- Visionary• <u>Leadership perceptions of self</u><ul style="list-style-type: none">- Good managerial ability- Effective organisational structure- People-Oriented/Relations-Oriented |
| 4. Staff factors | <ul style="list-style-type: none">• Motivated and Committed staff• Qualified staff |
| 5. Perceptions of difference in beneficiaries' lives | <ul style="list-style-type: none">• Empowerment/giving voice• Enhanced lives |
| 6. Strategies to ensure continued sustainability | <ul style="list-style-type: none">• Getting government on board• Streamlining/adapting services• Diversifying funding streams• Improved monitoring and evaluation• Effective succession plans |

4.3 Presentation and discussion of findings

The findings in relation to the six main themes will be sequentially discussed as laid out in TABLE 2.

4.3.1 Mission and main services

The respondents were asked to describe the mission and main services of their organisations, so as to better understand what sort of activities the organisations were engaged in. All these targeted organisations are essentially development organisations and yet each development organisation had its own focus with regards to its mission and service delivery.

- ***Empowering people and enhancing lives***

All the respondents described their organisations' mission and main services as empowering people, through community mobilisation and enhancing people's livelihoods in specific ways. The four organisation's mission statements are captured in the following statements:

"...the main aims of this organisation is to afford youngsters, or youth, from disadvantaged communities, you know what I mean by that, to give them the opportunity or have the ability to go to higher education..."(R1: Org A).

"...The main aim is to facilitate, let's put it this way, to enable children to get over the 'breadline'; to enable children to get out of poverty. That's our general aim, and the way that we do that is by supplying containers to projects which have children as their beneficiaries...." (R6: Org B).

"...Our purpose is to mobilize communities, so that they can organize themselves to obtain the services they feel need to be delivered. So we are essentially an empowerment organisation, we are a community development organisation, and we are an advocacy organisation...." (R11: Org C).

"...the main aim is to enhance poor communities to be self-reliant, so that's why we have got various programmes from childhood ECD, and from ECD, that deals with crèches, you know much about that, but from that age now, we have got youth interface, which deals with the youth...we have got health and nutrition, which is another focus area that provides, conducts clinics and soup kitchens, so that the poor people that cannot afford a meal, that cannot afford to take their medication are given food and are given medication...So I think it's answering poverty from the very beginning until to my focus area, where we have to empower them economically to get jobs"(R16: Org D).

The empowerment strategies adopted varied from organisation to organisation. Organisation A gave youth from disadvantaged communities a chance to further their education by providing Saturday classes as well as giving bursaries to students to pursue tertiary education. Organisation B advanced children's learning through providing suitable infrastructure that could be used for libraries. Organisation C empowered communities by educating them about their citizen rights, so that they could lobby government for their basic services.

Organisation D saw the need to provide welfare relief in terms of food and clothing whilst empowering them to become self-sustaining in various ways like job skills training. The services rendered by these NPOs clearly indicate that they are empowering different sectors of the population in a variety of ways, enabling them to take command of their own lives and through developing a critical awareness of their situations (Townsend et al, 2004).

4.3.2 NPO viability

The respondents were asked to describe the factors that had led to their organisations being viable and their responses were categorized in terms of financial sustainability as well as good leadership and governance.

4.3.2.1 Financial sustainability

The organisations in this research were able to achieve financial sustainability using one or a combination of the different strategies listed below.

- ***Financial reserves***

With regards to reserves, respondents indicated:

“...in the event of, we don’t have our reserves to the extent where our day to day operations are problematic, the reserves are there in the event of a major donor pulling out, we have a buffer, a cushion...” (R1: Org A).

“...we actually have a policy around reserves, whereby we stipulate that any net funds generated in one financial year needs to be expended in the following financial year to the beneficiaries. However, situations in the past as a result of exchange rate fluctuations that was very good about 10 years ago, you know, allowed us to have a little bit of a cushion to fall back on...” (R10: Org B).

The reserves were such that the organisations in this research study would at least be able to keep on going for a year, with one organisation having reserves for at least three years. Organisation B had a specific strategy that they adopted with their reserve funds which appear to have been of benefit to their beneficiaries. It was interesting to note that all the organisations in this research study had financial reserves that they have used especially during the global recession.

Low and Davenport (2002, as well as Kurre (2010) stress the importance of trust funds to safeguard an organisation in an uncertain and volatile economic climate.

- ***Diversified funding***

The NPOs in this study all relied on more than one funder:

“...It’s the funding that we get, from different companies and Trusts and so on, and that keeps the organisation going...” (R3: Org A).

“...I think we would have to say the generosity of the donors, as I told you, we use the direct mail method of raising funds, and although it’s an expensive way, coz you have to put a lot of money into it, once you have put capital in, once you have a large number of donors, it runs very well, and the donors continue to give, as long as you keep them informed about what you are doing, and you keep asking, so that’s the main reason why it’s been successful...” (R6: Org B).

“...we have never relied on a big donor for funding, that has to be a factor, and it was never South African money that was used, it was always international money from the three countries, Netherlands, Ireland, and the UK...” (R7: Org B).

“...however, situations in the past as a result of exchange rate fluctuations that was very good about 10 years ago, you know, allowed us to have a little bit of a cushion to fall back on...” (R10: Org B)

It becomes clear that these NPOs were able to manage their funding in an optimal manner in the way they developed donor relationships and the manner by which they developed funding sources from various countries. Furthermore, when these organisations experienced reduced international funding, they still managed to thrive financially since the excellent exchange rates from overseas monies were beneficial, given the low value of the rand at that time. The “exchange rate fluctuations” as one respondent (R10: Org B) called it, enabled the organisations to have surpluses, which they invested and used during the recession. However these organisations would need to consider alternative ways of raising funds that do not only depend on overseas funding. In any global recession the first cuts are usually connected to aid given to developing countries (Rapoo, 2010, as cited by Gebreselassie-Hagos and Smit, 2013). Besides innovative income generation strategies, NPOs would do well to consider innovative partnerships with the corporate sector. Sontag-Padilla et al (2012) argue that NPOs should foster a relationship with the private sector in order for them to be viable, by improving their professionalism.

The impact of the global financial crisis on South African NPOs was highlighted in a study by Gebreselassie-Hagos and Smit (2013) who found a significant decline in funding received from international donors owing to the recession. Viravaidya and Hayssen (2001) posit that the key to an organisation's sustainability lies in diversification of funding. Rather than depending only on a single source for funding NPOs would do well to consider a variety of funding sources which includes income generation initiatives.

- ***Cost cutting measures/change of strategy***

NPOs revisited their service delivery plans as well as staffing costs in light of the fiscal crisis and engaged in various measures to reduce spending:

"...we had to cut back our learner development program, this was specifically for that, and we had to reduce our Winter school, and our Spring school, and try to cut down on our number of teachers..." (R2: Org A).

"...we had to, last year I was going around with senior management going to retrench people, and that was very very hard, literally going around, from project to project saying you stay, you are not staying, you are on four days, you are on three days, so it's very hard, but we had to do a cost cutting exercise because there was just no money to keep it going..." (R19: Org D).

"...it changed direction significantly in 2000, 1999/2000, specifically because the work that we did prior to that period was work that government itself began to build into the services it delivered, and the school curriculum, so it was appropriate for us as an NGO to do that. It was a whole period of introspection and re-evaluation, and decided to re-direct into small scale fishing issues..." (R11: Org C).

According to Wyngaard, (2013) and Nel, Binns and Motteux, (2001), NPOs fill the service delivery gap that government has not filled. But what happens when governments begin to provide these services and the 'plug is pulled' with regards to funding? Organisation C changed its mandate completely. It is a good example of a complete change of strategy with regards to the original mission of that NPO. In order to be sustainable it had to change direction completely or else it would be obsolete and without funding. Re-inventing an organisation demands some strategic risk-taking. Hoyt and Ciulla(2004), as cited by Levine et al (2010), call for NPO leadership to be risk takers, and have confidence in the decisions that they make. During times of financial difficulty, NPOs in order to remain viable, have to take strategic measures to sustain themselves.

Gebreselassie-Hagos and Smit (2013) found that among the strategies employed was a revision of funding strategies, travel and training cost reductions, programme and service cutbacks, even staff layoffs. From the responses given it became clear that the organisations in this study sample adopted some of these measures (for example, programme cut-backs, staff layoffs, etc.).

- ***Efficient and effective financial control***

The respondents in the study sample highlighted the importance of efficient and effective financial controls:

“...but financially, it’s being well managed...what with good governance, and transparency, and just good financial management, and donors have been with us for so many years, specifically our bursary donors, because they know that we do our job very well, and they have no hesitation to give the money, coz there is never any argument with us, why we spending money, why did you spend it on that, why haven’t you done this, it’s always been a clear picture for them, and a very good picture...” (R2: Org A).

“...I think we run quite a tight ship, I don’t know what the percentage is now, but I mean at one stage our admin costs was 9% of our overall budget, and I think that’s bloody good, not many NGOs can, I don’t know what the percentage is now...we have an independent finance committee that gives reports to the Board, maybe controls can be tightened a little, but I think we are running a tight ship, I’d like to think that...” (R19: Org D).

The organisations in this sample had strong financial controls in place. The leadership has been strategic in their oversight role in this regard. Fredericksen and London (2000) argued that a sound fiscal system was the hallmark of NPO effectiveness. A sound, transparent and accountable financial management system has positive spin-offs for donor relationships as could be seen in the response gained from Organisation A (R2: Org A) above. Furthermore, strategic budgetary allocations allowed another NPO (Organisation D) (see R19: Org D) to keep its administrative costs at a minimum, allowing for a sizeable portion of the budget being spent on the actual service delivery. Research by (Nunnenkamp, Ohler and Schworer, 2011) found that donors disliked NGOs spending heavily on administration, management and fundraising, and as such these organisations needed to improve their financial management. Good financial management is a critical component of successful NPOs (Vaughan, 2010).

Thus in summarising this section on NPO viability, it becomes clear that financial sustainability is crucial. The NPOs in this sample have, to a certain degree, managed their financial situation effectively through:

- Making sure that they have some financial reserves to fall back on;
- Having several funders with whom they have established good relationships;
- Adopting appropriate cost cutting measures and/or changing their mandate;
- Putting in place efficient and effective financial control.

Several authors have commented on the importance of these (Bartuševičienė and Šakalytė, 2013; Gebreselassie-Hagos and Smit, 2013; Conradie, 1999).

When considering the viability of an NPO it is clear all of the aforementioned issues are as a direct result of sound leadership and governance. The following section will discuss good leadership and governance.

4.3.2.2 Good Leadership and Governance

The respondents stressed the importance of sound leadership and governance:

“.... He is one honest leader, he is well versed in what is happening in education, he is well read, he knows about the current situation. As women, I’m a mother, I don’t have time to listen to news or to read newspapers, he is sort of our newspaper here, because everything that is happening he knows, and he is very astute...” (R4: Org A)

“...he [the Director] has been involved in this kind of thing for a long time, so he knows a lot of people in the business, where to look for money, coz that’s really one of our main problems, always is to find enough money, to make the place well...” (R5: Org A).

“...I’m mainly in contact every week with the Board, sometimes, two or three times a week, and with the Chairman in London normally a Skype conversation every week for an hour or so with the local Chairman, I meet with him every week for about 2 hours; sometimes we have conversations during the week...you get 2 types of Boards, I think. You get Boards that are hardly interested and very little involved, and then you get Boards that are over interested, and over-involved. Our Board is the second kind...” (R6: Org B).

“... [the] second factor is that we have a Director who has been here for 10 years, so there has been continuity...so there has been continuity in terms of leadership, both at the level of the Board, and the Director, I think that helped...” (R12: Org C).

“...I guess if you look at the individuals who are involved in the governance of this organisation, I think they have a huge amount of experience and connections, and just

wisdom to guide the organisation in an effective manner. I think the staff itself is hugely critical in sort of the level of competence and level of understanding that staff members in this organisation have to be able to carry out their work, I think has played a huge part in the organisation, and the fact that the people are not just competent, they are incredible passionate about what they do...” (R13: Org C).

It is evident from the range of responses that effective strategic leadership and good governance are crucial for the running of a successful organisation. According to Herman and Heinmovics (1991) NPO leaders are responsible for the success or failure of their organisations. Such leaders are alert to issues in the external environment that may impact on their organisations and they are also tuned in to other sources of funding. Carlson and Donohoe (2010) suggest the importance of NPO leaders having good relationships with funders and donors. Good governing boards are also essential for the effective running of an organisation as they ensure effective organisational planning as well as management (Tandon, 1996). Respondents conveyed that their board members were involved in the organisation; shared their expertise, and ensured open communication lines. Wyatt (2004) argues for a close and co-operative relationship between the Board Chair and CEO as it leads to a productive (effective) organisation.

4.3.3 Leadership strategies

It was important to find out what kind of leadership strategies were being employed in the NPOs and how they contributed to the effectiveness of the organisations. Several authors have put across leadership theories like Transformational leadership and Democratic leadership as key to successful organisations (Yang, 2012; Levine et al, 2010; Cicero andPierro, 2007; Choi, 2007; BennisandNanus, 1985). Staff perceptions of leadership strategies, as well as leaders’ self-perceptions were examined.

4.3.3.1 Staff perceptions of leadership

The respondents perceived their leaders as inspirational, democratic and visionary.

- **Inspirational**

“...a leader is someone who is supposed to be like him...I know I could depend on him, for he trains us, you must do this and do this, we learn and develop under him. His door is always open, even for problems, personal problems...” (R4: Org A).

“...you know he managed to bring us all together, took a lot of time, it took a lot of team building, and effort, and he is just somebody who is tenacious, he never gave up, a lot of us

thought about giving up, he didn't, I have a deep respect for him, he is patient and very understanding..." (R8: Org B).

"...but from the history of the organisation, I heard that he virtually singlehandedly turned the organisation around, from a struggling organisation back in 2003, where it was on the verge of collapse, he turned it around into an organisation that's highly effective, and is recognized as sort of leading NGO in the sort of civil society movement sector, so ya, I think he has been hugely influential in a lot of those successes..." (R13: Org C).

"...you know he has conquered cancer in the last year....and sort of dying on the one side, and wrapping it all on the other at the same time, and fortunately he was very lucky, but to cure cancer they take a lot out of you, but he really has been good..." (R5: Org A).

Transformational leaders are inspirational as they promote change in individuals and raise their morale (Levine et al, 2010). The leadership in these organisations was perceived as inspirational as these leaders fostered good relationships, showed concern for the staff, and encouraged them to excel. Transformational leaders display individual consideration, which is when the leader pays special attention to each staff (Shiva and Suar, 2012). According to one respondent (R4: Org A), her leader encouraged staff to grow and learn from him by acting as a mentor. These leaders also inspired teamwork in their organisations. One respondent (R8: Org B) described her leader as tenacious and fostering a united team.

Of the four Directors in this research study, three of them took charge of their organisations when they were going through difficulty and turned their organisations around, giving it a second chance. Such visionary leadership is imperative when considering the multiple challenges that NPOs face and the risk-taking that is needed (Hailey and James, 2004). Apart from the organisational challenges that these NPO leaders overcame, some of them had to overcome personal challenges (R5: Org A) which further inspired the staff. Another important finding was the role religious belief systems seemed to play in the leaders' lives. Of the four Directors interviewed, three were committed Christians, and they said that their religion made them treat others the same way they would like to be treated. Their religious beliefs motivated some of these leaders to exhibit care and compassion for their staff.

- **Democratic**

The staff also perceived their leaders as being democratic:

"...he is democratic, everything is out in the open, and he is transparent, he is honest, he has integrity, he is that kind of a Boss..." (R4: Org A).

“...I would say that he’s very open and democratic, inclusive like management style, where he doesn’t, he is not sort of pushing his own ideas and agenda, but rather trying to get input from the team, so that the team makes a decision how to move forward...” (R13: Org C).

“...not a single decision is taken without consultation. If we are going to acquire a car, that’s a decision that rests within, and you would want to involve the finance manager, and you wouldn’t want one to overlook him; so look, you are the one who came in with the proposal in the first place. That wasn’t done. While it may look trivial, for me it’s indicative of the type of manager he is; he ensures that everyone, even the administrator, is part and parcel, to make sure they know what is happening, so that there is ownership and belonging...” (R14: Org C).

Democratic leaders encourage participation, the sharing of responsibilities with their staff (Moiden, 2003). Democratic leaders do not push forward their own agendas, but seek input from everyone. Bhatti et al (2012) and Gemechis and Ayalew (2012) highlight the importance of staff inclusion in decision-making. The leadership in this research study was open and transparent with their staff, which motivated the staff as they felt included in decision making. According to a respondent (Organisation C), although the final decision would ultimately rest with the leader, the staff had an opportunity to share their views on any matter that was raised.

While most staff perceived their leader as being democratic, some also stated the adverse effects of being too democratic.

“...you could say it’s good, to be given space to express themselves, but that space could also be to the detriment of the organisation...” (R14: Org C).

This respondent (R14: Org C) does raise an important point to be considered when allowing time for group consultation as it can delay critical decisions that need to be taken very quickly. However, Bhatti et al (2012) would argue that while being democratic and seeking everyone’s input may be time consuming, it often leads to a better end result. Leaders need to know when is important to get the ‘buy-in’ of all staff and when it is expedient to make unilateral decisions for the benefit of the organisational good.

- **Visionary**

Most of the staff perceived their leaders as visionary:

“...he definitely has a vision...his visions are discussed with us first, before taking it to the next step. He wants to get our input as to how we feel about him going forward with a specific idea, a specific program, so he interacts first with us as staff, get our input, evaluate what and how it needs to be done, and then go forward, if we say yes go forward, if we say no, we try and sort it out, and maybe find a different path, but we all work to that same vision he is wanting to do...” (R2: Org A).

“...He recently termed what we are doing, I think he reads a lot, what did he call it, social enterprise, something along those lines, that for me is a new term, I’m sure I’ve heard it somewhere, he put it into context, and so he obviously reads a lot about the kind of work that we are doing, or the categories where we should be following in, and so he is driving us, he is kind of driving us towards social enterprise that he has been reading about, so he does have a vision and he will share that with us, or bounce it off with us, sounds like what we should be doing, where we should be heading, so he does...” (R7: Org B).

“...he is the captain of the ship, and we’re all in the ship. If he doesn’t have a clear direction, or a clear vision, then the ship might just hit the rocks...” (R9: Org B)

NPO leaders are value driven and have a clear vision for their organisations (Smillie and Hailey, 2001). One respondent (R9: Org B) described her leader as a ship’s captain. A ship’s captain is responsible for steering and charting the ship’s trajectory. Like captains, NPO leaders need to have a vision for where they want to take the organisations and how to get there. Visionary leaders are also ‘future-oriented’. Phipps and Burbach (2010) suggest that strategic leaders are needed who are able to explore both knowable and unknowable futures. The response from one organisation (R7: Org B) is indicative of strategic thinking on the part of its leadership. The fact that this leader is guiding the NPO along a social enterprise model is indicative of strategic, future-oriented thinking that could help with the financial viability of that NPO. It is clear that NPOs will have to consider income generation through their own social enterprises in the future. Donor funding will become more and more limited and may even only be linked to those NPOs who are showing evidence of income –generating projects. Visionary leaders take the present into account, but are also a step ahead in their thinking about the future.

It is not enough for a leader to have a vision; true leaders encourage others to participate in the vision. Like a ship with a captain and crew, NPO leaders need to share and inspire their staff to take part in the vision.

A true leader in an NPO is seen as someone who can inspire all stakeholders with a shared vision for the organisation, inspiring a passion for everyone to participate in that vision (Carlson and Donohoe, 2010). Through discussing their ideas with staff, leaders help to shape vision of their NPOs collectively. The leader in Organisation A encouraged a shared vision. It was clear that the staff perceptions about their leaders was very positive, deeming them inspirational, democratic and visionary (Yang, 2012; Levine et al, 2010; Cicero and Pierro, 2007; Choi, 2007; Bennis and Nanus, 1985).

It was also important to find out from the leaders themselves as to how they bring about effective organisations.

4.3.3.2 Leaders' self-perception

The Directors were asked their perceptions about the strategies they used to make their organisations effective.

- **Effective organisational structure**

The leadership described their organisations as having effective structures:

"...we are a small team, and everybody has their work to do... it's amazing what a small team does together" (R1: Org A).

"...it's a small organisation, but there is 3 distinct functions, and they are not, neither of them is the same as the other one, so you've gotta have, I mean I think there are organisations obviously that if this size that have no divisions, but I think we've got to, we need a finance function, we need a fundraising function, we need a projects function, and they are quite different..." (R6: Org B).

"...We have monthly management meetings, and we had one this morning, we discussed some of the things that are happening, either in the UK, or Ireland, or Netherlands, that could affect us here, and we talk about some of these things" (R7: Org B).

It is evident from the responses above that an effective structure is one where there is no duplication of responsibilities, as everyone knows what they are supposed to do. Although the organisations are relatively small, a distinction of roles and responsibilities is essential. It is equally important for communication lines to be clear and open, so that everyone in the organisation knows what would be happening. Unambiguous communication is key in effective organisations (Ashraf and Kadir, 2012).

According to Frederickson and London (2000), staffing and organisational structure affect capacity for effective action. The leadership in this research study had few people to directly oversee. Research has shown that the optimum span of control was four subordinates (Gracunius 1937, as cited by Meier and Bohte, 2003), although this is mostly dependent on the nature of the work. A narrow span of control is ideal for effectiveness as communication within the organisation is fast, resulting in decisions being implemented quickly. This quick flow of effective clear communication could enable transparency and efficient outcomes. Regular meetings are held to discuss issues that affected the organisation.

The directors had a small group of people that they directly oversaw, and this group made up the Executive Committee of the organisations. These key personnel together with the Director, were responsible for strategic planning. In instances where the Director had to take leave, this Executive Committee would have the collective responsibility for managing the organisation. This is also typifies the leaders' use of democratic leadership in allowing a group (executive committee) to manage and lead the organisation in the absence of the actual leadership. Powell (1995) suggests that NPO leaders should delegate responsibilities where possible, to an expert management team, giving them key responsibilities.

- **People-Oriented/Relations-Oriented**

The leadership also attributed their organisations' effectiveness to the good relations they had with staff:

"...I have an open door policy, not only for my colleagues here, but for students as well.... they feel free to come in, to talk to me, if it's work related, or anything...and buy a little cake, and bringing together the group during a lunch break, the celebrating of birthdays, any good news that I have, and that's why I'm saying, even if it's to get together for a few minutes, not a formal staff meeting, but the staff coming together, sharing good news..." (R1: Org A).

"...I feel at home here, and I look forward to each and every day that I have to come here, those are the things that a staff has to be happy about, it makes me want to work very hard, I feel very guilty if I'm not doing my job..." (R4: Org A).

"...I think that they are open to me, they come to me a lot for direction and difficult questions..." (R11: Org B).

"...when I came into the organisation I broke the structure completely, because there was a hierarchy that was not conducive to our kind of work...I felt I needed to break that in order to

get confidence in the organisation and the subordinates below me. In so doing it allowed the staff, even at the lower level in hospitality, security, or cleaning to know that the Director's door is always open and they can come in to chat, or share something, so that opportunity is available to everyone..." (R15: Org D).

From the leaders' responses, it is clear that easy access by staff to the leadership was important as it "opened" up the organisation, creating a collegial and trusting environment. According to Powell (1995), NPO leaders display an aptitude for dealing with their staff. The leadership in this research study fostered good relationships with their staff, regardless of position. While it meant that the Directors had to invest some more time in building up staff relationships, it had a positive spin-off in that job satisfaction and increased productivity were the positive outflow of this investment. One respondent (R1: Org A) attended to the 'staff maintenance' issues like celebrating birthdays and other successes which was important for team building and cohesion.

- **Good managerial ability**

Some of the leadership exhibited good managerial ability:

"...most mornings I'm here first. The advantage of coming early is I check all my emails, and LinkedIn, which I do, not as a social thing, but more of a business perspective, maintaining links, making sure our Alumni contacts are there. So, those are the things I do early morning. Before I get here, I already would have jotted down what I'm going to do for the day, coz I think it's important to document what you are going to do, what your plan is, and so you tick off as you go along..." (R1: Org A).

"...I let people get on, we have fewer g staff meeting. There was a stage where we had Monday morning staff meetings and the attitude was the only thing that should stop you from being at that staff meeting is if you can produce a death certificate, and the meeting would go on for hours. I felt that we needed to loosen up. So right now we have a staff meeting once every 2 months... so I'm giving them the space to work and providing them with the resources they need...delegating isn't a thing that we do, we find that any one of us have too much on their plate..." (R11: Org C).

From the few responses above, it is evident that good leadership also entails good management ability in order to accomplish the necessary tasks without too many meetings. It is also important for leadership to be in tune with their staff's feelings. Effective NPO leaders display effective time management (Powell, 1995). The leadership structured their days, thereby ensuring efficient and effective time usage. One respondent (R1: Org A), as with all the Directors, was the first to get to the office and the last to leave.

The leadership displayed managerial wisdom, which is about taking the right action at a critical time (Phipps and Burbach, 2010). One respondent, (R11: Org C), felt that the numerous meetings they had were becoming unnecessary and time-consuming, and did not achieve their purposes efficiently. In fact it was an impediment to productivity and thus restructured the number of meetings held. This was the case with all of the organisations who had few formal meetings to discuss major issues but had more brief informal meetings to manage the day to day organisational issues that cropped up. Successful leaders have the ability to adapt their leadership styles to the changing organisational environment (Silverthorne and Wang, 2012). These leaders did not do what most managers do, have numerous meetings, but tailored their leadership style to the demands of their NPO environment. The ability to adapt leadership styles is indicative of Situational leadership (Furtado et al, 2011).

Effective NPO leaders delegate tasks and responsibilities to their subordinates (Powell, 1995). This was not always the case with some of the organisations in this research study. One respondent, (R11: Org C), found it difficult to give more responsibilities to staff as they were already stretched. These organisations rather engaged in collective decision making whenever it was possible around crucial issues and otherwise each member had to carry their responsibilities. Although the leadership could not really delegate some of their tasks, they enabled staff members to carry out their duties giving them the scope to do their jobs in the best possible manner. The directors employed a somewhat laissez-faire approach to leadership, which is about leaving the employees to do work on their own, without interference from the leadership (Goodnight, 2004). The leaders in this study sample saw themselves as effective good structures, having good management skills and sound people skills.

4.3.4 Staff factors

This study also interrogated those staff factors that possibly contributed to the organisation's success. The findings indicated that motivated, committed and qualified staff were integral to the organisations' effectiveness.

- **Motivated and Committed staff**

The staff were highly motivated and committed to their work:

“...I like it a lot, so much. As a result, I always thank the Lord. I prayed when I got this job, that not everyone enjoys what they are doing, not everyone enjoys coming into work every day, and doing your work. As I also indicated, if for some day I feel under the weather, and I’m supposed to work, I feel guilty, because I want to contribute to this organisation. It is that kind of, it’s motivating on its own coming here, because everything is at your disposal, phone is at our disposal, the phone if you want to research about something, also, we are given a chance to further our studies. I just registered for UCT with a Project Management course, so they pay for any course that you want to do...” (R4: Org A).

“...It’s not the salary that motivates me, you know there isn’t much, I took a pay cut coming here, the work that I do is motivating...” (R7: Org B).

“..., I think for me, the reason I chose to work for an NPO, the profit, if you wanna call it that, goes to helping the poor, that’s where I get my satisfaction from in my job, it’s that the end result is beneficial to South Africa...” (R8: Org B).

“...sometimes I don’t come to work for 3 days, but I work from home, with a modem, I can call at home; you don’t have to drive for the sake of driving, or go and report to work for the sake of reporting. Just tell them, look, I’m gonna be at home for the next 3 days, as long as you are available in the event of a crisis...” (Respondent 14: Org C).

NPOs are generally known to underpay their staff, yet there are people who still choose to work for such organisations. Why is that? Carman et al (2010), in their study found that about twenty per cent (20%) of the NPO leaders had a for-profit background, and so by opting to work for NPOs, they took pay cuts. It becomes clear that these respondents are not motivated by the salaries they get, but rather, it is from helping the less privileged that they derive satisfaction, so much that they look forward to going to work. According to Ridder et al (2012), research has shown that NPO staff are attracted by their commitment to the organisation’s values and the mission, and not by the money. For one respondent (R8: Org B), her job was beneficial to the less privileged, and ultimately the country, and that was enough for her. It was seeing the difference their work did in people’s lives that motivated these staff and increased their commitment levels.

To make up for the paltry salaries they gave staff, the organisations in this research study ensured that their staff had the resources they needed to better perform their jobs like a suitable work environment and equipment like computers and printers. These NPOs also paid fees for staff who wanted to further their education.

The respondents also stated that they had flexible work times. Naseem et al (2011), submit that employee satisfaction is integral to an organisation's success, and the onus is on the management to create conducive work environments.

- **Qualified staff**

The staff were highly qualified:

"...I have actually gone through about a two year process of studying, staff development and training that was awarded to me by the organisation, to increase my skill and my confidence in that which I do. I have got 2 more subjects to write now, obviously plus the thesis I need to submit, on completing this later this month, I will be recognized as a certified financial accountant, and I'm grateful to this organisation for awarding me this opportunity..." (R10: Org B).

"...because you know when you train at a certain level like psychology, to take the theory, now you have to take the theory and you have to deconstruct things, to actually say we communicated on various levels that people get, it's not boring, and I love doing that in a way that nobody would ever think which one looks easy and would do it in a day, so it's very easy, simple, but behind it it's the theoretical thinking where it's deconstructed, and people wouldn't know that I actually based it on maybe Attachment theory, or identity formation, they don't know that, I know that, and that excites me..." (R18: Org D).

Fredericksen and London (2000), suggest that a successful organisation is judged on its ability to attract and retain qualified staff. While having a passion for work is good, and commendable, one also needs to be competent and qualified to do the work. The findings indicate that the respondents were qualified to do the work they did, and that their organisations encouraged them to study further through staff development programmes. Fifteen of the nineteen respondents in this research study had a Bachelor's degree, with at least four respondents pursuing postgraduate studies. Low and Davenport (2002), suggest the importance of training for employees as it helps them acquire a range of skills, thereby ensuring that the organisation functions effectively.

4.3.5 Perceptions of difference in beneficiaries' lives

Staff's perceptions of the difference their organisations made in the lives of their beneficiaries centred mainly on empowering and giving a voice to the marginalised, as well as enhancing their lives.

- **Empowerment/giving voice**

The respondents perceived their organisations as giving a voice to the voiceless:

“...It empowers them, it makes them feel important, the communities are respected for doing something that is beneficial to the community..., and feel involved in development issues...they feel they network with other women that are doing the same thing...” (R7: Org B).

“...Because we believe that where rights of communities are being transgressed, or not adhered to, where people do not have the opportunity for their livelihoods to be accommodated, it means those communities remain on the margin, remain impoverished, remain disempowered. We believe the most effective agent of change is people themselves, and that is why for us it is important to mobilize communities...” (R11: Org C).

“...these are essentially people who are treated differently because of the previous system, and because of that, they are unable to have the benefits that come with democracy simply because they don’t have enough to capitalize, so they come to us, and so we ensure that we alert them to those benefits, so we are talking about introducing policies to ordinary uneducated people, they won’t understand the policy making process which is publicized, but they don’t read newspapers, so they don’t even know how to get into that process, and that is where we come in...” (R14: Org C).

These organisations empowered people by educating them about their rights, as well as affording vulnerable and marginalized groups (poor people; women; children) opportunities to take part in their own development. Development organisations help people and communities regain control of their lives (Lewis and Kanji, 2009). For the respondents from Organisation C (R11 and R14), empowerment became ‘real’ when their organisation stood up for communities whose rights were being transgressed, and in the process, they helped the communities stand up for themselves.

- **Enhanced lives**

Some respondents described their organisations as enhancing the lives of others:

“...it plays a major role. Number 1, some of our students at the Saturday program, are getting extra lessons on Saturday in at least 4 subjects, there is English, in the Science stream, there is Maths and Physical science and Life science, if I’m in the Economic stream, I get Economics, Accounting and Mathematical literacy support, every, almost every Saturday... and the students would be getting all the information because it’s not about being stupid or ignorant, it’s about lack of knowledge about what the career opportunities are...to get the youngsters’ fires burning about their futures, because when you live in a township, the perception is there is no opportunities to study after school...” (R1: Org A).

“...Last week we went to place a library up in Mpumalanga somewhere, can’t remember the school now, but, in one of those rural areas, we placed a library there. And out of the library, they were so proud, because they won a few prizes for, the one was for reading, the

one was for I think literacy, and the one, I can't remember, but I thought, you know what, that was such a, we were all so proud, because I mean that, out of just the library, out of that and it's affecting those children's lives..." (R9: Org B).

The work done by these organisations leads to enhanced lives. Organisation A works with youth from impoverished backgrounds, where crime rates are high and where drug abuse and other social skills are rife. Most young people do not have any future aspirations and providing them with resources gives them hope. The organisation has been teaching these youth, as well as giving them extra lessons and career guidance lessons.

The end result is that the youth are being given a chance to look towards a more positive future, a future where they can have improved lives, and escape the vices that plague their communities. Organisation B builds infrastructure for schools, giving learners an opportunity to learn and read, important tools which when utilized well, will lead to better lives. The NPO sector is important as it helps in improving the quality of life for poverty-trapped citizens and communities (Wyngaard, 2013).

4.3.6 Strategies to ensure continued sustainability

The organisations that took part in this study were selected because they had been in existence for a long time, and have found successful ways to remain sustainable. Despite this, the researcher wanted to know what more could be done to ensure continued sustainability into the future. The responses from these organisations were varied and could be outlined in the following themes:

- Getting government on board
- Streamlining/adapting services
- Diversifying funding streams
- Improved monitoring and evaluation
- Effective succession plans

These strategies will be discussed in more detail:

- **Getting Government on board**

The respondents called for government support of their programmes:

"...The Department of Education has not really approved [what we are doing], we don't know what their policies will look like..." (R7: Org B).

“...So our challenge has been for government, for opinion makers out there to get to know about us, to get to understand what we are about, and what we do, and therefore the challenge for us is that they listen, so that it can be legislated, and regulated and protected...” (R11: Org C).

“...we don’t get enough local funding, maybe we need to concentrate a bit more on local funding and I don’t know how one gets the government to fulfill their obligations at one stage, we were thinking of taking the Department of Social Development to court with a few other NGOs because they were reneging on their responsibilities and we were doing some of the work...” (R19: Org: D).

The responses show that government and NPOs could be working much more strategically together. For continued sustainability of these NPOs such collaboration and complementation of Government services would be both necessary and needed (Wynngaard, 2013). From what one respondent (R11: Org C) was saying, government is not always in agreement with what the organisation does, and that is a huge challenge. Bernard (2012) posits that the lack of meaningful support of NPOs by the government is a cause of concern especially considering the work that NPOs do.

It was interesting to note that the organisations in this research were mostly funded by international donors and were not funded by Government. One respondent’s organisation (R19: Org D) even considered litigation to push government to honour its commitment. Government support does not necessarily mean funding, but can be in the form of partnerships between civil society and the government to service communities.

- **Streamlining/ adapting services to impact more people**

The respondents suggested that their organisations streamline services:

“...the organisation so long has been doing everything, helping people to help themselves, whether it was giving food parcels, whether it was giving blankets, it was everything. So now, as we raise funds, as we fundraise, we have had to strategically think what is our core work...because there has been a lot of evolving that has happened, simply because of the environment, again, understandably so, we need to evolve as well. I don’t know whether in that will still be our core work, and so for me to speak about 20 years from now...” (R7: Org B).

“...there would be some programmes that we would have to shut down in financial difficulties...” (R15: Org D).

“...I still think we would have to revisit what we really wanted to achieve in the context of the current time, and to main streamline it more, I think if we streamline.... I think we could work

smarter, but I think it's actually ok sometimes, maybe go straight back to the drawing board, and say this is where we were, lets revisit the whole thing..." (R18: Org D).

The respondents called on their organisations to consider adapting and streamlining their services. Effective organisations are able to adapt to the changing environment or modify the strategy or the organisational structure (Bartuševičienė and Šakalytė, 2013; Chi et al, 2012). The respondents felt strongly about their organisations cutting back on some of their services, and not being the proverbial 'jack of all trades, but master of none'.

One respondent (R7: Org B) called on her organisation to strategically re-evaluate their services so that they can focus more on what they are good at. These organisations need to find their own niche, areas where they are most effective and concentrate on those. Viravaidya and Hayssen (2001) argue that NGOs who are knowledgeable about working in a particular field, should not necessarily work in all aspects of that field. Visionary leaders are therefore needed to steer the organisations through new frontiers. Sontag-Padilla et al (2012) call for strategic partnerships between and among NPOs, where those NPOs that work in the same geographical area or those with similar missions can collaborate, maximising the impact of their services. A consideration of this may bode well for these NPOs' sustainability.

- **Diversifying funding streams**

The respondents called for diversified funding:

"...I think one of the things, that's a proposal we are actually busy with is for us to own our own property, coz we don't own our own. If we have our own property and buildings, we could probably rent out parts thereof to generate income, to have a corporate section to the organisation, which means that there will be a constant flow of income..." (R10: Org B).

"...I think the one thing we need to do is secure, possibly, longer term funding, coz at the moment we just get, I think at most is 3 years, get into partnership with funders, or get a process going where money comes in for a longer term. I think that's the one thing we haven't really, because we have got all this money from overseas and I think we need to tap into the local funding..." (R19: Org D).

Funding can be diversified in a myriad of ways like strategic alliances (with local funders) as well as income generating possibilities. The organisations in this research study mostly receive international funding, and so, as one respondent (R19: Org D) put it, they need to think strategically about how to tap into local funding. Low and Davenport (2002), also encourage sound investment practices.

Some respondents were against their organisations running separate businesses as a way of raising income:

“I think it’s very important to keep the two separate, you know, I would rather be an organisation trying to in-source corporate social investment, rather than creating separate businesses to support an organisation, I believe that we need to focus on your core vision and purpose, and if we are not that, I don’t believe we are an organisation truly...” (R15: Org D).

Viravaidya and Hayssen (2001) would counter this assertion by arguing that there is no reason why NPOs should not involve themselves in other ventures, as long as the ventures do not go against the organisation’s mission.

- **Improved monitoring and evaluation**

These organisations would need regular monitoring and evaluation of their programmes so that evidence based decisions could be made about which programmes are cost-effective and which are not:

“...I think we have already started doing that in a way, we are collecting our data and analysing it more closely to make sure that we are effectively running the program to our vision, and we have already put in place an advisory committee, which is going to be looking at what we are currently doing, what the problems are and how we can change the organisation, and make it more effective...” (R2: Org A).

“...I think there are two values, one of transparency and one of accountability, you know, I think within the NGO sector, and funders generally worldwide are calling on NGOs and NPOs especially in Africa, to be transparent and accountable, because it’s unfortunate, there is a very bad cloud in Africa generally, that money arrives here, and it doesn’t get reported here correctly, some doesn’t even get spent on the projects and programmes, and this has made our jobs even more difficult because now we are trying to approach new funders, and it’s impossible...” (R15: Org D).

It is clear that monitoring and evaluation are important for giving direction as to whether the organisation is really doing what it says it does and whether it is doing so effectively and efficiently (Babbie and Mouton, 2001). Programme evaluation is crucial for transparency and accountability and many funders are unwilling to fund organisations that are not monitored and evaluated from time to time. Ridder et al (2012) highlight the importance of accountability and complying with donor’s funding criteria, which may include monitoring and evaluating. NPOs need to monitor and evaluate their programmes and regularly feedback the results to their funders. Such accountability ensures that an organisation achieves its mission (Tandon, 1996).

The onus is on NPOs to show that they are using funders' money efficiently and effectively. It is equally important for the NPOs to assess the progress they are making in achieving programme objectives, or any challenges being experienced in meeting set objectives.

- **Effective succession plans**

The respondents also pointed to the importance of succession plans:

"...I have been working here for 28 years...to be honest there are times I think, can't I just retire...?" (R3: Org A).

"...My fear is only, because all the people that are here are old, they will be leaving, and they have been doing a good job, my fear is, I hope the Director gets someone, people who are committed to do the job that the current employees are doing, and they will be loyal, and giving their all. The only thing would be not getting the right person in the right position..." (R4: Org A).

"...so for me the day that this organisation begins to lose the current board members, board members that are active, it is the day that it will lose its status as a development organisation..." (R14: Org C).

It is clear that these organisations need to have succession plans for leaders and Board members especially. Staff retention in these organisations is quite commendable, but these NPOs need to be proactive about replacing their leadership. One respondent (R4: Org B)'s fear is that there will not be anyone to do the work as well as the current people if they decide to leave or retire. Fredericksen and London (2000) argue that successful organisations are able to foretell future human resource requirements, and that they have mechanisms in place which allow for senior and experienced staff to pass on their wisdom to junior and less experienced staff. These organisations need to put mechanisms in place where senior leading members can mentor/train younger staff members. Clear succession plans are pivotal to NPO sustainability (Carman et al, 2010).

4.4 Summary

This chapter presented and analysed the findings pertaining to the research objectives. The responses from the sample group were presented, discussed and linked to pertinent authors in the field.

The following chapter will present the conclusions and the recommendations of this study.

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5 Introduction

This research study explored the perceptions of nineteen NPO personnel with regards to those factors that could lead to effective service delivery in those four purposively selected development NPOs (see Chapter 3, Section 3.1, pg. 36). A qualitative research design was adopted, and face to face in-depth interviews allowed for a deep exploration of the research questions (see Interview Schedule, Appendix 1). In this final chapter, the conclusions and recommendations shall be made based on the findings already discussed. Since the conclusions emanate from the findings, and the findings provide responses to the objectives of the study, it is pertinent to once more present these objectives since this is the last chapter.

Research objectives:

- 1) To find out the mission and the main services rendered by these NPOs.
- 2) To explore how these NPOs have remained viable.
- 3) To determine the leadership strategies that could contribute towards NPO effectiveness.
- 4) To ascertain the contributing staff factors that promote effective service delivery.
- 5) To explore staff perceptions about the difference their services make to their beneficiaries.
- 6) To explore the strategies needed to ensure the continued sustainability of the NPOs.

Firstly, the main conclusions will be presented and discussed, and thereafter some recommendations that flow out of this study will be offered for consideration.

5.1 Conclusions

The main findings were:

- That financial sustainability as well as good leadership and governance are key components of any NPO's viability, irrespective of their mission and service orientation (see Section 4.3.2, pages 50-54).
- That effective leadership entails providing visionary, democratic, and inspirational/ transformative guidance, enabling an organisation to succeed in its aims (see Section 4.3.3, pages 55-61).
- That these NPOs have a good mix of motivated and committed staff who are also well qualified (see Section 4.3.4, pages 62-63).
- That these NPOs will need to engage in a variety of strategies such as streamlining or changing their services, as well as diversifying their funding sources to ensure sustainability (see Section 4.3.6, pages 65-69).

These findings shall now be discussed in greater detail.

5.1.1 NPO viability

The organisations in this study employed a number of strategies in order to remain viable. These strategies are categorised into financial sustainability and good leadership and governance.

- Financial sustainability (see Chapter Four, Section 4.3.2.1, pages 50-53)

All the organisations in this research study had sufficient financial reserves to sustain themselves for at least a year. These reserves were used during periods when funding from donors was reduced. Reserves are important as they act as cushions in times of financial difficulty. It is also important for NPOs to diversify their funding sources. Financial risk is reduced when NPOs have a range of donors so that the impact of one or two (small) donors withdrawing is not as great. The organisations in this research study were also able to remain viable due to some strategic cost cutting measures such as the termination of some programmes as well as staff reduction measures.

When faced with the possibility of shutting down due to a lack of funding, one organisation shifted its mission and vision completely. This enabled the organisation to keep on operating and to tap into new funding sources. Previous research has shown the importance of financial sustainability for NPOs (Carroll and Stater, 2008; Conradie, 1999).

- Good leadership and governance (see Chapter Four, Section 4.3.2.2, pages 53-54)

Another contributing factor to the viability of these organisations was the leadership as shown by the Director and the Board of Directors. The leadership in these NPOs ensured that their organisations had effective financial control systems, whereby most of the funding went to actual programme costs, and not the administration thereof. Overhead expenses were minimized so that the programmes would run in a cost-effective manner, both effectively and efficiently. The leadership that these directors gave was based on sound knowledge of the internal and external influences that impact on an organisation and they could proactively guide the organisation in the right direction. Furthermore, the governing Boards were well informed, and took a key interest in the organisation and had the necessary expertise to assist the Director. These NPOs also attributed their organisations' effectiveness to the good working relationship between the Board and the Director. Regular meetings between the Board and the Directors proved to be important as the Board shared ideas and suggestions with the Directors. Good leadership is thus central to organisational effectiveness (Piccolo and Colquitt, 2006; Powell, 1995).

5.1.2 Leadership strategies that contributed to effective organisations

The leadership strategies were based on the perceptions of the subordinates (staff), as well as the directors themselves (leadership).

- Staff perceptions (see Chapter Four, Section 4.3.3.1, pages 55-58)

The staff perceived their leaders as transformational and inspirational, showing concern for staff well-being and giving strategic guidance. The leaders in this sample paid special attention to the growth of each subordinate and helped them to develop in their careers.

The staff also perceived their leaders as democratic as they encouraged participation in decision making processes, whilst still being able to make those critical leadership decisions independently. The leaders were also perceived to be visionary, as they set clear goals for their organisations. The vision was a shared one, as the leaders brought the staff on board, and as a result, the whole organisation worked to achieve that vision. A shared vision is important in effective organisations. These findings are similar to previous research done on leadership strategies that increase effectiveness (Carlson and Donohoe, 2010; Tandon, 1996).

- Leadership perceptions (see Chapter Four, Section 4.3.3.2, pages 58-61)

The leaders attributed the effectiveness of their organisations to an effective organisational structure. The leaders had fewer people to supervise which was crucial as they could oversee their subordinates with ease. The structures enabled a clear demarcation of roles and responsibilities which enabled an efficient and easy flow of information within the organisation. The leadership also relied on an Executive Committee to help make decisions. In the absence of the Director, this Executive Committee had the collective responsibility for the management of the organisations. Frederickson and London (2000)'s study clearly shows the link between organisational structure and effectiveness. The leaders perceived themselves as being people-oriented, fostering collegial relationships with their staff, and encouraging a trusting and warm working environment (Powell, 1995).

Another factor which led to organisational effectiveness was the leaders' ability to effectively manage their time. The leaders had schedules of their daily tasks and meetings, and ensured that those tasks were completed. These NPOs had fewer formal meetings, but relied on shorter informal meetings to discuss operational issues. When necessary and possible, the leaders were able to delegate to their staff.

5.1.3 Staff factors that contributed to effective organisations

The staff were shown to be highly motivated and committed to their jobs.

- Motivated, committed and qualified staff (see Chapter Four, Section 4.3.4, pages 62-63)

Motivated and committed staff promoted effective service delivery in these organisations. The staff in this study were very committed to their jobs, placing a high value on their organisations' missions. The staff appeared to be more motivated by the difference their organisations could make in the lives of the beneficiaries rather than increased salaries. Although staff remuneration was not high, these organisations provided other incentives that contributed to job satisfaction. These other incentives included: flexible working hours, opportunities for educational advancement, as well as having the necessary resources for staff to carry out their tasks effectively. Thus, even though salaries were not lucrative, these NPOs still managed to attract qualified staff because of the aforementioned reasons. In this study, fifteen of the staff had a tertiary qualification, which bodes well for these organisations since a highly proficient staff is essential for the organisation's success. Naseem et al (2011) highlighted the importance of motivated staff as this is linked to achieving the aims of an organisation.

5.1.4 Strategies to ensure continued sustainability

A variety of strategies are needed to ensure the continued sustainability of these organisations. These strategies include:

- Increased government support
- Streamlining services
- Diversification of funding
- Improved monitoring and evaluation
- Effective succession plans

These strategies will be further discussed.

- Increased government support (see Chapter Four, Section 4.3.6, page 66)

The organisations in this sample called for increased government support for their activities. While the organisations would first and foremost need an increase in funding from government, they also indicated a need for innovative and collaborative partnerships.

- Streamlining services (see Chapter Four, Section 4.3.6, pages 66-67)

It is also important for these organisations to consider streamlining or adapting their services so as to impact on the lives of their beneficiaries more effectively. It is thus essential for these organisations to evaluate their external environment and assess current trends as well as to make the necessary adaptations to their programmes. An assessment may reveal that they need to narrow their focus rather than spread themselves too thinly.

- Diversification of funding (see Chapter Four, Section 4.3.6, pages 67-68)

Integral to sustainability is widening their pool of donors and finding alternative ways of generating funds for themselves. Without increased sources of funding and investment strategies, these organisations may not be able to survive in the long run. It is equally important for these organisations to consider engaging in social enterprises linked to their core activities.

- Improved monitoring and evaluation (see Chapter Four, Section 4.3.6, pages 68-69)

These NPOs recognize that they need to be monitored and evaluated more regularly. Their funders set certain criteria with which they have to comply and evaluation of programmes is a core activity linked to greater accountability and transparency.

- Effective succession plans (see Chapter Four, Section 4.3.6, page 69)

These NPO staff are very much aware of the need to develop internal systems and processes that will ensure effective succession. Effective NPOs have succession plans in place which ensure continuity of vision, which is paramount for sustainability.

The current leadership has to play a key role in developing future leadership within the organisation.

The strategies for NPO sustainability were highlighted by several authors (Wyngaard, 2013; Viravaidya and Hayssen, 2001; Babbie and Mouton, 2001; Fredericksen and London, 2000).

5.2 Recommendations

The recommendations that flow from this study will be discussed under two main headings, that is, recommendations for further research and recommendations linked to NPOs.

5.2.1 Recommendations for further research

This study adopted a qualitative approach and focused specifically on a limited sample of four development NPOs (nineteen actual respondents) in Cape Town, Western Cape. Using this study as a ‘pilot’, a large scale survey could be developed that spans all development NPOs in the Western Cape. Furthermore, comparative studies could be taken comparing the ‘sustainability’ of the development NPO sector in all the provinces in the country since this sector plays a crucial role in promoting development at the grassroots. Besides surveys, a mixed methodology sequential design could add a further richness to the data obtained.

5.2.2 Recommendations for NPOs

NPOs to gauge the external environment and be proactive

The government is taking strides to improve the lives of its citizens, as outlined in the National Development Plan (NDP) (2012). The government plans to meet most of the services that NPOs are currently providing. Whilst it could be argued that this will take some time, there has already been instances where government has subsumed the services of an NPO rendering it obsolete. NPO leaders need to steer their organisations taking into account the changing circumstances and position their NPOs in such a way that could still be providing much needed services albeit in a different form.

Increase the donor funding pool and generate own funds

These organisations need to increase their sources of funding, but more specifically, they need to think of innovative/creative ways to generate their own funds through strategic partnerships with the private sector and/or government tenders.

Developing leaders for the future of the NPO

NPOs should invest more time in training other leaders from within the organisation itself as this will allow for easier succession. They should have internal structures in place that allow for leadership development.

Increase in NPO salaries

A case needs to be made for better NPO staff remuneration. Funders need to recognise that NPO personnel with tertiary level education and the necessary expertise should be paid salaries that are more or less commensurate with their counterparts in the private sector. Given the fact that other incentives such as flexible work hours and leave arrangements may be seen as 'perks' in the NPO sector, this could be factored into the salary scale decisions. Despite most NPO personnel being driven by altruism and making a real difference in the lives of others, they need to be paid reasonable salaries. This would go a long way in retaining good staff, and thus augur well for the organisation.

Improvements in effectiveness and efficiency

NPOs need to adopt business plans. Leaders in these NPOs should play a crucial role in making sure that the proper indicators are in place for effective monitoring and evaluation of their short-medium-long term plans. Staff should be cognisant of the inputs and outputs of their organisation and specifically of the programmes that they are responsible for. The cost-effectiveness of their proposed plans and their programmes should be clearly worked out. NPOs need to be more aggressive in terminating programmes that are neither efficient nor effective and that drain their already stretched budgets. Thus regular monitoring and evaluation should be a feature of all NPOs.

5.3 Concluding statement

Despite this being a rather limited pilot study of a few selected organisations, some interesting insights were gained from the ‘ground’, as it were. The voices of personnel working in development NPOs in the Western Cape told an interesting story of NPO success, and survival in the face of many challenges. Their reflections could enhance the way future operational plans are conceived. The fact that these NPOs can in fact be considered ‘successful’ is due to a range of reasons (leadership /leadership approaches, good governance, sound financial strategies, suitably qualified and committed staff, clear mission goals and adaptability). These are in fact NPO lessons to be passed on and could be invaluable in re-generating an ailing civil society sector.

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Appendix I- Staff interview schedule

Semi-structured interview schedule: Staff

SECTION A: GETTING TO KNOW THE PERSON

(Note: interviewer to contract around confidentiality, use of tape recorder, and introduce self and research topic)

Age: _____ Gender: _____ Cultural Background: _____
Home Language: _____

1. How long have you been working here?
2. What is your role or responsibility in the organisation?
3. Describe a typical day
4. What do you enjoy most in the organisation?
5. Why did you choose to work in this organisation/ line of work

SECTION B: PERCEPTIONS ABOUT THE ORGANISATION

1. What are the main aims of the organisation?
2. What role do you think the organisation plays in people's lives? (**explore –give an example**)
3. Describe the effectiveness of this organisation (**give examples**)
4. What has contributed to the continued existence of the organisation (**explore factors**).
5. Did the organisation face any challenges in the past? If so, specify these challenges and how were they dealt with?
6. Describe the challenges that the organisation currently faces.
7. How does the organisation plan to deal with them?
8. Do you think the organisation is able to adapt to different situations that arise? Give an example of any adaptation that this organisation has already made.
9. What are some of the positive experiences you have had whilst working in this organisation?
10. Do you think the organisation is effective in its service delivery (**please explain your answer by giving some examples**).
11. How does the organisation work with the resources that it has? (**please explain**)
12. How does this organisation deal with its staff? (**please explain –give examples**)

SECTION C: PERCEPTIONS REGARDING LEADERSHIP

1. How would you characterize your immediate manager/ leader? (**give reasons**)
2. How would you describe his/her leadership style? (**give examples**)
3. How would you describe your relationship with the manager/leader?
4. How has this kind of leadership made a difference to this organisation? (please explain)
5. How would you describe the way your manager/leader values your contribution to the organisation? (give an example)
6. When you have issues to discuss how does your manager/leader deal with this?
7. How has the manager/leader influenced you, if at all? (**please describe**)

8. Do you feel that the manager/leader has a vision for the organisation (**please describe this vision**)
9. How are staff brought on board to participate in this vision (**give examples**).
10. How does the manager/leader generate collegiality, teamwork, independent thinking and creativity? (**give examples for each where you can**)
11. Give examples of how tasks are delegated?
12. How would you describe the manager/leader's communication skills?
13. Has the manager/leader ever taken risks aimed at benefiting the organisation? If yes, describe them.
14. What kind of changes would you like to see with regards to leadership behaviour?

SECTION D: PERCEPTIONS REGARDING STAFF MOTIVATION

1. How do you feel about working here? (**please explain**)
2. What motivates you to come to work each day (**probe job satisfaction, relationships at work, commitment to the vision and mission**)
3. How would you describe your job and the clarity that you have about your tasks (**please explain in detail**).
4. What about your job gives you particular satisfaction (**Give reasons for your answer**).
5. What are your working conditions like? (**office space, necessary equipment, access to internet, any other-please explain**).
6. What other tasks do you feel capable of doing that you are at present not doing? (**please explain why you think yourself capable of these other tasks**).
7. Please explain some of the organisation's policies (**probe**)
8. Which of these policies would you like to change? (**please explain**)
9. Describe how strongly you identify with this organisation (**please explain why this sense of belonging is important or not important**).
10. How would you describe your relationship with fellow workers?
11. Do you feel the monetary rewards are adequate?
12. Are there opportunities for self-advancement in the organisation?

SECTION E: FINANCIAL VIABILITY

1. What do you understand by financial viability? (**please explain**)
2. How is this organisation funded? (**please explain what your understanding of this is**).
3. What makes you think that the organisation is financially secure? (**please explain**)
4. Do you believe the organisation uses its money efficiently? (**give an example of this**)
5. Do you believe that the organisation could spend its money more wisely (**please explain**).
6. Does the organisation have financial reserves that you know of? (**if yes –why is this important? If no- do you think that such reserves are important and why**)
7. What more can be done to ensure that the organisation is sustainable in the long term?

SECTION F: RECOMMENDATIONS FOR CONTINUED EXISTANCE

1. What changes should be made to the organisation for it to become more effective in meeting its objectives?
2. What do you think the organisation should do to ensure its survival?
3. Do you think the organisation will survive for the next 20 years?
4. What factors could lead to the possible closing down of your organisation?
5. What do you think would happen if your organisation closed down?

SECTION G: CONCLUSION

1. Are there any other issues that you think will be helpful for this research?
Thank you for participating!

THANK YOU!!!

Appendix II- Leadership interview schedule

Semi-structured interview schedule: Leadership

SECTION A: GETTING TO KNOW THE PERSON

(Note: interviewer to contract around confidentiality, use of tape recorder, and introduce self and research topic)

Age: _____ Gender: _____ Cultural Background: _____

Home Language: _____

1. How long have you been working here?
2. What is your role or responsibility in the organisation?
3. Describe a typical day
4. What do you enjoy most in the organisation?
5. Why did you choose to work in this organisation/ line of work

SECTION B: PERCEPTIONS ABOUT THE ORGANISATION

1. What are the main aims of the organisation?
2. What role do you think the organisation plays in people's lives? (**explore –give an example**)
3. Describe the effectiveness of this organisation (**give examples**)
4. What has contributed to the continued existence of the organisation (**explore factors**).
5. Did the organisation face any challenges in the past? If so, specify these challenges and how were they dealt with?
6. Describe the challenges that the organisation currently faces.
7. How does the organisation plan to deal with them?
8. Do you think the organisation is able to adapt to different situations that arise? Give an example of any adaptation that this organisation has already made.
9. What are some of the positive experiences you have had whilst working in this organisation?
10. Do you think the organisation is effective in its service delivery (**please explain your answer by giving some examples**).
11. How does the organisation work with the resources that it has? (**please explain**)

12. How does this organisation deal with its staff? **(please explain –give examples)**

SECTION C: PERCEPTIONS REGARDING LEADERSHIP

1. To whom are you accountable, and how is your relationship with them? (explore).
2. Describe the importance or relevance of the Board of Directors especially to your organisation (probe).
3. In what ways does the Board of Directors help or impede the organisation's performance?
4. How would you characterize your immediate subordinates? **(give reasons)**
5. How would you describe your relationship with your subordinates?
6. Do you think your subordinates find you approachable when they have issues to discuss? **(give reasons for your answer)**
7. In what way do you think you have influenced your subordinates, if at all? **(please describe)**
8. What is your vision for the organisation **(please describe)**.
9. How are you bringing the staff on board to participate in this vision? **(give examples)**.
10. How do you generate collegiality, teamwork, independent thinking and creativity amongst the staff? **(give examples for each where you can)**
11. In your opinion, do you think you have too many, or too few, or just enough people to manage? **(give reasons)**
12. How do you delegate responsibilities, if at all?
13. How do your subordinates feel about being delegated responsibility? (explore)
14. How would you describe your communication skills? (probe)
15. Have you ever taken risks aimed at benefiting the organisation? If yes, describe them.
16. What kind of changes would you like to see with regards to staff behaviour?

SECTION D: PERCEPTIONS REGARDING STAFF MOTIVATION

1. Why do you think it is important to have motivated staff in the organisation? **(probe)**
2. In your opinion, how do the staff feel about working here? **(please explain)**
3. In your opinion, what motivates staff to come to work each day **(probe job satisfaction, relationships at work, commitment to the vision and mission)**. Do you think the staff have a clear understanding of what their job entails, and do you think they are satisfied?
4. What do you do to motivate staff? **(please explain)**

5. Do you feel the monetary rewards are adequate?
6. Are there opportunities for self-advancement in the organisation, if so describe them?

SECTION E: FINANCIAL VIABILITY

1. What do you understand by financial viability? **(please explain)**
2. How is this organisation funded? **(please explain what your understanding of this is).**
3. What makes you think that the organisation is financially secure? **(please explain)**
4. Do you believe the organisation uses its money efficiently? **(give an example of this)**
5. Do you believe that the organisation could spend its money more wisely **(please explain).**
6. Does the organisation have financial reserves? **(if yes –why is this important? If no- do you think that such reserves are important and why)**
7. What more can be done to ensure that the organisation is sustainable in the long term?

SECTION F: RECOMMENDATIONS FOR CONTINUED EXISTANCE

1. What changes should be made to the organisation for it to become more effective in meeting its objectives?
2. What do you think the organisation should do to ensure its survival?
3. Do you think the organisation will survive for the next 20 years?
4. What is the impact of your organisation closing down?

Appendix III- Board member interview schedule

Semi-structured interview schedule: Board member

SECTION A: GETTING TO KNOW THE PERSON

(Note: interviewer to contract around confidentiality, use of tape recorder, and introduce self and research topic)

Age: _____ Gender: _____ Cultural Background: _____

Home Language: _____

6. How long have you been working here?
7. What is your role or responsibility in the organisation?
8. Describe a typical day
9. What do you enjoy most in the organisation?
10. Why did you choose to work in this organisation/ line of work
11. What role do you think the organisation plays in people's lives?
12. Describe the effectiveness of this organisation **(give examples)**
13. What has contributed to the continued existence of the organisation **(explore factors)**.
14. Did the organisation face any challenges in the past? If so, specify these challenges and how were they dealt with?
15. Describe the challenges that the organisation currently faces.
16. How does the organisation plan to deal with them?
17. Do you think the organisation is able to adapt to different situations that arise? Give an example of any adaptation that this organisation has already made.
18. How would you describe your relationship with the manager/leader? **(please explain)**
19. What do you think has been their role in getting the organisation to where it is?
20. What is your vision for the organisation?
21. How are you bringing the staff on board to participate in this vision? **(give examples)**.
22. What do you understand by financial viability? **(please explain)**
23. How is this organisation funded? **(please explain what your understanding of this is)**.
24. What makes you think that the organisation is financially secure? **(please explain)**
25. Do you believe the organisation uses its money efficiently? **(give an example of this)**
26. Do you believe that the organisation could spend its money more wisely **(please explain)**.
27. Does the organisation have financial reserves that you know of? **(if yes –why is this important? If no- do you think that such reserves are important and why)**
28. What more can be done to ensure that the organisation is sustainable in the long term?
29. What changes should be made to the organisation for it to become more effective in meeting its objectives?
30. What do you think the organisation should do to ensure its survival?
31. Do you think the organisation will survive for the next 20 years?
32. What is the impact of your organisation closing down?

CONCLUSION

Are there any other issues that you think will be helpful for this research?
Thank you for participating!

Appendix IV- Letter of research intent

The Department of Social Development
Private Bag Rondebosch 7701 RSA
Telephone: 27-21-6503481
Fax No: 27-21-6892739

10 July 2013

REQUEST TO DO RESEARCH AT YOUR ORGANISATION

Dear Sir/Madam

This is a letter requesting permission to conduct interviews at your organisation for a Masters' study.

My name is Ropafadzo Malvin Nhaitayi, and I am currently doing my Masters' degree in Social Policy and Management at the University of Cape Town. My dissertation is titled: **"Exploring staff perceptions of why selected development NPOs are able to deliver effective services"**. I am researching organisations that have been in existence since 1994, exploring staff's views on why the organisation has remained operational while others have closed down. Some research has been done on challenges facing non-profit organisations (NPOs) in South Africa, and statistics are available of NPOs that have closed down. However, not much research is available on why those NPOs that do well are successful. Hence this research will fill this gap in knowledge.

This research will also be beneficial to your organisation as it may highlight areas where further improvements could be made, leading to increased organisational efficiency. If you require more information regarding my research, I will gladly provide a softcopy of my research proposal, as well as the draft interview schedules.

Should you have further queries, you can also contact my supervisor, Dr. C. O'Brien at constance.obrien@uct.ac.za.

I look forward to hearing from you.

Sincerely

Ropafadzo Malvin Nhaitayi
(E-mail: ropanhai@yahoo.co.uk)